

BUREAU OF EXPORT ADMINISTRATION



FY 2001 President's Submission

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Budget Estimates, Fiscal Year 2001
President's Submission

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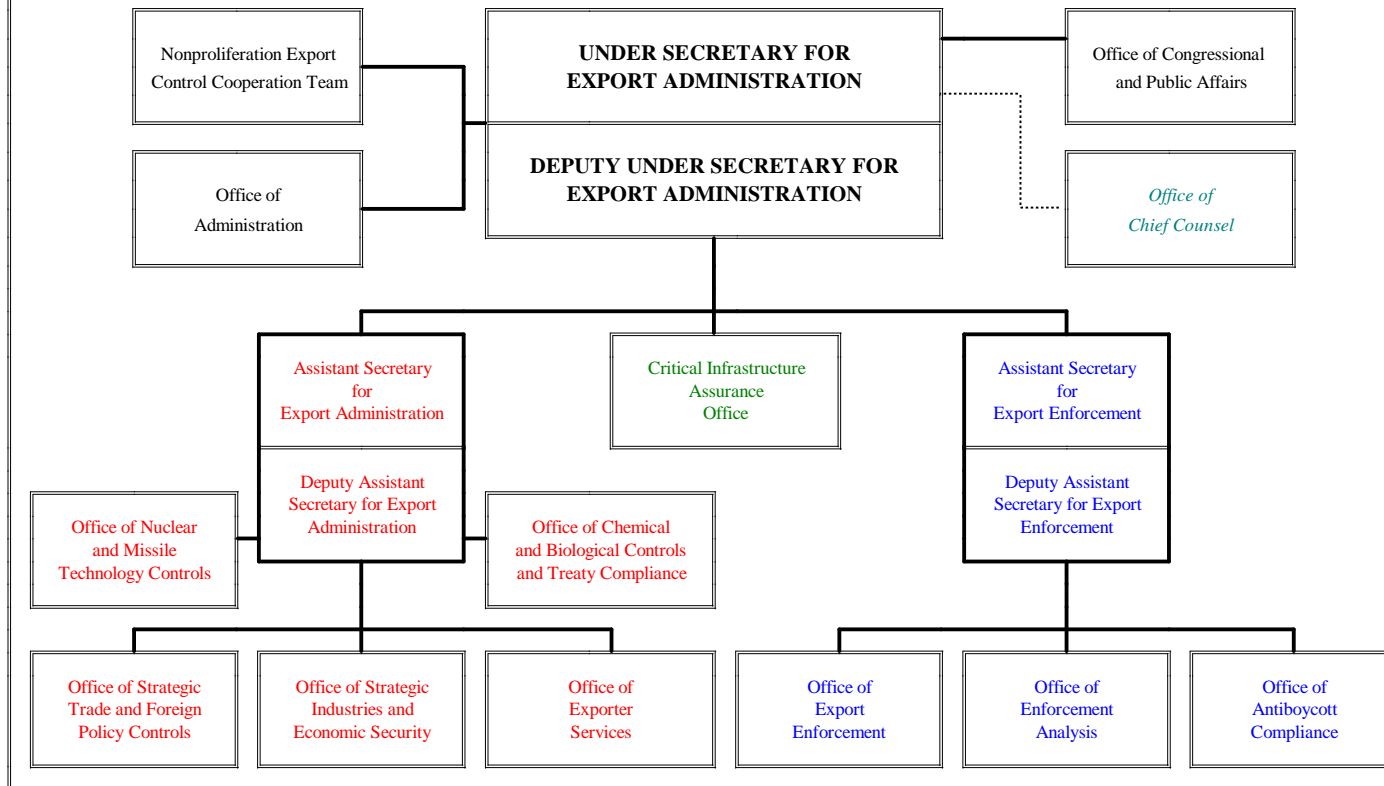
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Department of Commerce
BUREAU OF EXPORT ADMINISTRATION



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President's Submission
Executive Summary

Historically, the programs of the Bureau of Export Administration have been grouped by the Department under the overall category of *Export Promotion and National Security* to reflect the vital role that an efficient export licensing system has in expediting legitimate exports without compromising national security, foreign policy and nonproliferation concerns.

Goals of the Program

The Bureau of Export Administration (BXA) has three strategic goals which support the Departmental Theme for Economic Infrastructure: **Building for the future and promoting U.S. competitiveness in the global marketplace by strengthening and safeguarding the nation's economic infrastructure** (while maintaining national security).

BXA's strategic goals are:

- < Restructuring Export Controls for the 21st Century. (BXA 1-D)
- < Maintaining a fully effective law enforcement program and protecting U. S. national security, foreign policy, nonproliferation of dual-use commodities and chemical weapons, counter-terrorism, and public policy. (BXA 1-E)
- < Facilitating transition of defense industries. (BXA 1-F)

BXA promotes U.S. national and economic security and foreign policy interests by managing and enforcing the Department's security-related trade and competitiveness program. BXA plays a key role in challenging issues involving national security and nonproliferation, export growth, and high technology. The Bureau's continuing major challenge is combating the proliferation of weapons of mass destruction while furthering the growth of U.S. exports, which are critical to maintaining our leadership in an increasingly competitive global economy. BXA's principal activities include:

- ! Administering the Export Administration Act (EAA). The EAA, which has expired and needs to be reauthorized (but whose provisions have been extended by the President under authority of the International Emergency Economic Powers Act (IEEPA)), provides for export controls on dual-use goods and technology to fight proliferation and to pursue other national security, short supply, and foreign policy goals (such as combating terrorism). Simplifying and updating export controls in light of the altered threat picture in the post-Cold War World has been, and remains, a major goal of this Administration.
- ! Enforcing the export control and antiboycott provisions of the EAA. In response to the growing threat of proliferation of weapons of mass destruction by "pariah" nations and terrorists and the evolution of the focus of the export licensing system so that the focus is now more often on individual end users, BXA has strengthened its export enforcement staff. The EAA is enforced through a variety of administrative, civil, and criminal sanctions.

- ! Ensuring compliance with arms control treaties imposing requirements on U.S. industry . The most important such treaty is the Chemical Weapons Convention (CWC), which gives BXA new inspection, law enforcement and outreach responsibilities. BXA plays a critical role in administering the new and complex declarations processing functions and the oversight of on-site inspections of U.S. businesses that handle or manufacture chemicals in order to ensure that confidential business information is not jeopardized.

- ! Managing the Critical Infrastructure Assurance Office (CIAO) . On May 22, 1998, the President signed Presidential Decision Directive 63, Critical Infrastructure Protection, calling for a national effort to ensure the security of the increasingly vulnerable interconnected national infrastructure, including telecommunications, banking, finance, energy, transportation and essential government services. The CIAO provides support to the National Coordinator's work with government agencies and the private sector in developing a plan to reduce the infrastructure's exposure to attack and to respond and recover in the event of an attack.

- ! Analyzing and protecting the defense industrial and technology base, pursuant to the Defense Production Act and other laws . As the Defense Department increases its reliance on dual use high technology goods as part of its cost-cutting efforts, ensuring that we remain competitive in those sectors and sub-sectors is critical to our national security.

- ! Helping the New Independent States and other emerging nations develop effective export control systems . The effectiveness of U.S. export controls can be severely undercut if other nations export sensitive goods and technology or permit transshipment of such items, to nations that pose proliferation risks. A number of nations which pose risks for export or transit of sensitive goods and technologies require assistance to establish effective export control programs of their own.

Statement of Organization and Objectives

BXA's program offices are organized as shown in Exhibit 1. The major functions and activities of each program area are summarized below.

Management and Policy Coordination (MPC) -- This activity supports all three bureau strategic goals, DOC strategic theme 1. It includes the functions performed by the Office of the Under Secretary and supporting staff offices. The primary objectives are to develop, analyze and coordinate policy initiatives within BXA and on an interagency basis. MPC provides direction and support in implementing the National Export Strategy. In addition, this activity includes resources for the Nonproliferation and Export Control International Cooperation program, which works with other agencies to strengthen the capability of foreign countries to control strategic exports and to help stop the smuggling of sensitive items.

Export Administration (EA) -- This activity supports all three bureau strategic goals, DOC strategic theme 1. It includes the functions performed by the Office of the Assistant Secretary for Export Administration and the supporting offices which carry out BXA programs regarding export licenses, treaty compliance, treaty obligations relating to weapons of mass destruction, and the defense industrial and technology base. The primary objectives are to determine the items requiring export licenses for reasons of national security, nonproliferation, foreign policy, and short supply; ensure that approval or denial is consistent with economic and security concerns; act as the liaison with the business community to ensure its compliance with regulations; represent

the Department in interagency and international fora relating to export controls, particularly multilateral regimes; ensure the availability of industrial resources for national defense under the authority of the Defense Production Act; and assess the security consequences for the United States of various trade activities.

Export Enforcement (EE) -- This activity supports the first and second bureau strategic goals, DOC strategic theme 1. It includes the functions performed by the Office of the Assistant Secretary for Export Enforcement and programs carried out by antiboycott and federal law enforcement offices. The primary objectives are to detect and prevent the illegal export of controlled goods and technology, to ensure that export controls are effectively enforced, to administer the EAA provisions restricting participation in foreign boycotts, and to enforce the Fastener Quality Act.

Critical Infrastructure Assurance Office (CIAO) -- This activity supports the National Coordinator's work with government agencies and the private sector in developing a plan to reduce the exposure to attack of the nation's crucial infrastructures, and, if necessary to respond to an attack and reinvigorate damaged or destroyed critical infrastructures. On May 22, 1998, the President signed Presidential Decision Directive 63, Critical Infrastructure Protection, calling for a national effort to ensure the security of the increasingly vulnerable interconnected infrastructure.

Summary of Proposed Budget Increases

Management and Policy Coordination --32 positions; 30 FTE; and \$4,751,000 are requested for this activity. This request includes program changes totaling 7 positions; 5 FTE; and \$700,000. The following change is being requested:

- C Nonproliferation and Export Control Cooperation for the New Independent States and Other Nations (7 Positions; 5 FTE; and \$700,000)**
Management and Policy Coordination is seeking additional resources to establish the Nonproliferation and Export Control (NEC) Cooperation initiative as a Department of Commerce-funded program. Since FY 1993, BXA has been using very limited base resources to deliver technical assistance on establishing and strengthening export control and enforcement to the republics of the former Soviet Union and former Warsaw Pact. If these nations are leaking weapons of mass destruction and the means to make more, no matter how good our export controls are, our security is jeopardized. For seven years, without direct funding, BXA has used funds from other Departments to pay the non-personnel costs of its program (those funds cannot be used to pay BXA personnel costs). Because of BXA's prior successes in this program, and the pressing security interests involved, there is increasing demand in Congress and other federal Departments for BXA to provide more assistance to the same set of nations and expand activities to include China, India, Pakistan, and others considered prime proliferation risks. The Departments of Defense (DoD) and State, among others, have said they need to expand their support to BXA for this purpose, but BXA has reached the limit of what its current staff complement for this activity can do and must start refusing the requests and funding. This initiative will enable BXA to play the vital expanded role that sister Departments acknowledge can only be played by BXA.

Export Administration --215 positions; 208 FTE; and \$33,328,000 are requested for this activity. The request includes program change totaling 23 positions; 17 FTE; and \$8,500,000. The following change is being requested:

- C CWC Inspections and Protecting U.S. Plant Sites (23 Positions; 17 FTE; and \$8,500,000)**
Export Administration is seeking additional resources to ensure that United States industry complies with all treaty reporting and facility inspection requirements and that confidential business information (CBI) of U.S. chemical and pharmaceutical firms is protected from unauthorized release during CWC inspections. This role contributes to the national security

and economic strength of the United States and helps to keep America competitive by insuring that its cutting edge technology is protected. As Lead Agency, Commerce will (1) collect, process, and report U.S. companies' CWC data declarations and (2) host on-site CWC inspections at commercial facilities. New resources contained in this request, when added to resources previously approved by Congress or pending in the President's FY 2000 budget, will fully staff BXA's CWC operations, and provide for the full-year costs of Department of Defense participation in these inspections. Because of the delay in enactment of CWC implementing legislation by the Congress, the commencement of required inspections of U.S. facilities has been delayed. The CWC's international administrative agency, the Organization for the Prohibitions of Chemical Weapons, has indicated it wants to conduct 61 inspections of U.S. facilities in calendar year 2000. The currently budgeted BXA/EA CWC inspection group will be stretched to conduct 43 such inspections, and additional personnel are desperately needed.

Export Enforcement --217 positions; 209 FTE; and \$26,808,000 are requested for this activity. The request includes program changes totaling 19 positions; 14 FTE; and \$2,000,000. The following change is being requested:

- C **Weapons of Mass Destruction Prevention/CounterTerrorism/Chemical Weapons Convention (19 Positions; 14 FTE; and \$2,000,000)** Combating terrorism is an essential part of the President's overall defense strategy. Additional resources are being requested to enable EE personnel to use their expertise in targeting outbound shipments for investigation in order to assist the Customs Service in targeting inbound shipments (a cross-cutting initiative that implements Presidential Decision Directive 62). Increasing effective inspections of cargo inbound into U.S. ports is essential to protect our nation from terrorism. EE is also requesting additional resources to enhance its counter-terrorism program that was started in 1997. This will include increasing outreach at high technology laboratories to address Inspector General (IG) concerns about the laboratories' lack of understanding about export control issues; and enhance visa application reviews. In addition, this initiative will fully fund enforcement costs associated with obtaining administrative warrants for inspections of U.S. facilities required by the Chemical Weapons Convention (CWC); enforcing data declaration and inspection requirements, and enforcing export controls and import restrictions on scheduled chemicals (which is a new responsibility for EE in 1999). These increases are part of the Departmental crosscutting initiative to Combat Terrorism and Weapons of Mass Destruction.

Critical Infrastructure --50 positions; 50 FTE; and \$6,667,000 are requested for this activity. The request includes program changes totaling 0 position; 0 FTE; and \$3,500,000. The following change is being requested:

- C **Critical Infrastructure Assurance Office (0 Position; 0 FTE; and \$3,500,000)** For FY 2000, the CIAO's funding was reduced from the President's Budget (PB) request of \$6.4M (\$6.0M was appropriated for FY 99) to \$3.0M, resulting in staff reductions and reduced program activity. For FY 2001, the additional \$3.5M above FY 00 appropriations will (1) restore the CIAO's base to \$6.0M and (2) provide \$0.5M for the State pilot Information Sharing Analysis Centers (ISACs). The restoration will still fall short of the FY 00 PB request, but will permit the CIAO to perform its coordination and facilitation role in support of PDD-63 during the final year of its projected existence.

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
 Operations and Administration
Summary of Goals, Objectives, and Performance Measures

Strategic Theme	Bureau Goal	Bureau Objective	Program	Outputs	Outcomes
I. Building for the future and promoting U.S. competitiveness in the global marketplace by strengthening and safeguarding the nation's economic infrastructure.	D. Restructure export controls for the twenty-first century.	1. Improvement of foreign export controls. 2. Prevent or deter illegal transactions of controlled exports. 3. Provide accurate, timely decisions to export license applications.	MPC Export Administration	1. Number of high risk transactions deterred. 2. Number of licensing decisions. 3. Number of export assistance seminars/conferences. 4. Number of nonproliferation and export control international cooperative exchanges.	1. Average processing time for license applications (days).
	E. Maintain a fully effective law enforcement program and protect U.S. national security, foreign policy, nonproliferation of dual-use commodities and chemical weapons, counter-terrorism, and public safety.	1. Identification and sanction of illegal export transactions.	MPC Export Enforcement	5. Number of investigations completed. 6. Number of end-use visits conducted. 7. Number of enforcement outreach visits.	2. Number of investigations accepted for criminal or administrative remedies.
	F. Facilitate transition of defense industries.	1. Promotion of U.S. economic security, technological competitiveness, and defense diversification.	MPC Export Administration	8. Number of strategic industry analyses completed.	

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Operations and Administration

Priority Ranking of FY 2001 Program Changes
(Dollar amounts in thousands)

Rank	Page No.	Activity/Subactivity	Item	FTE	Direct Obligations	Outlay
1	BXA-33	Export Administration	CWC Protection of Industry Confidential Business Information	17	8,500	7,225
2	BXA-22	Management and Policy Coordination	Central Europe/NIS	5	700	595
3	BXA-43	Export Enforcement	Weapons Mass Destruction/CT/CWS	14	2,000	1,700
4	BXA-51	Critical Infrastructure Program	Critical Infrastructure Assurance Office	0	3,500	2,975
Total, program changes				36	\$14,700	\$12,495

Note: \$3.656M is carryover from the Y2K account. As a result, only \$2.145M in carryover is for O&A.

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Operations and Administration

Summary of Reimbursable Obligations
(Dollar amounts in thousands)

Comparison by Activity:	1999 Actuals		2000 Currently Available		2001 Base		2001 Estimate		Increase/ Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Management and Policy Coordination...	0	\$4,872	0	\$8,805	0	\$4,003	0	\$4,003	0	\$0
Export Administration.....	0	289	0	1,000	0	1,000	0	1,000	0	0
Export Enforcement.....	0	0	0	0	0	0	0	0	0	0
Direct Obligations.....	0	5,161	0	9,805	0	5,003	0	5,003	0	0

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Operations and Administration
Summary of Financing
(Dollar amounts in thousands)

	1999 Actuals	2000 Currently Available	2001 Base	2001 Estimate	Increase/ Decrease
Total Obligations.....	\$60,072	\$65,811	\$61,857	\$76,557	\$14,700
Financing:					
Offsetting collections from:					
Federal funds.....	(4,872)	(8,805)	(4,003)	(4,003)	0
Non-Federal sources.....	(289)	(1,000)	(1,000)	(1,000)	0
Recovery of prior year obligations.....	(1,614)	0	0	0	0
Unobligated balance, start of year.....	(2,930)	(5,801)	0	0	0
Unobligated balance, transferred.....		3,648			
Unobligated balance, end of year.....	5,801	0	0	0	0
Budget Authority.....	56,168	53,853	56,854	71,554	14,700
Financing:					
Transfers from other accounts.....	(3,978)	0	0	0	0
Transfers to other accounts.....	0	0	0	0	0
Appropriation.....	\$52,190	\$53,853	\$56,854	\$71,554	\$14,700

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Operations and Administration
Summary of Adjustments to Base
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
Adjustments:		
Restoration of base.....	0	\$739
Transfer:		
Working Capital Fund (transfer to GA for security).....	0	(\$115)
Other Changes:		
Full-year Cost of FY 2000 Pay Raise.....	0	372
FY 2001 Pay Raise	0	770
Working Capital Fund Pay Raise	0	82
Full-cost in 2001 of Positions Financed Part Year 2000.....	0	23
With-in-Grade Step Increases.....	0	355
Civil Service Retirement System (CSRS).....	0	(112)
Federal Employees Retirement System (FERS).....	0	247
Thrift Savings Plan.....	0	25
Federal Insurance Contributions Act (FICA).....	0	94
Health Insurance.....	0	148
Employees' Compensation Fund.....	0	22
Vehicle Leases.....	0	101
Travel Agency (SATO).....	0	16
One Less Compensable Day.....	0	(114)
Rental payments to GSA.....	0	99
Space - International Trade Center.....	0	23
NARA storage costs.....	0	(1)
GPO Printing	0	6
Other Services:		
Executive Development and Leadership Training (SES 2000).....	0	40
Working Capital Fund	0	53
General Price Level Adjustment:		
Transportation of things	0	0
Rental payments to others.....	0	0
Communications and utilities.....	0	14
Other Services (Excl. WCF and CAMS).....	0	92
Supplies and materials.....	0	14
Equipment.....	0	8
Subtotal, General Pricing Level Adjustment.....	0	128
Subtotal, other cost changes.....	0	2,377
Total, adjustments to base.....	\$0	\$3,001

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BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Justification of Adjustments to Base
(Direct Obligations in thousands)

Adjustments:

An increase of \$739,000 is requested to cover restoration of base.

ETE Amount**0 \$739****Transfers:**

A decrease of \$115,000 reflects a transfer to the General Administration appropriation of security costs previously funded by GA, WCF.

0 (115)**Other Changes:****Pay Raises and Related Costs****0 1,224**

An increase of \$372,000 is requested to cover the full-cost of the 2000 pay increases and related costs.	
Total cost in 2001 of 2000 pay raise.....	372,000
Less amount funded in 2000	0
Less amount absorbed	0
Total, Adjustment for 2000 pay increase.....	372,000
A general pay raise of 3.7% is assumed to be effective January 1, 2001.	
Total cost in 2001 for pay raise.....	770,000
Less amount absorbed in 2001	0
Amount requested	770,000
Payment to the Working Capital Fund.....	82,000
Total, Adjustment for 2001 pay raise.....	852,000
Total adjustment-to-base.....	1,224,000

Full-cost in 2001 of Positions Financed Part Year 2000**23**

An increase of \$22,694 is requested to fund the full-year cost in 2000 of positions financed for part-year in 2000.		
	FTE	Amount
Annual salary of new positions in 2000.....	0	80,658
2000 Pay Raise.....	0	3,872
Less 5 percent lapse.....	(1)	(4,227)
Full-year cost of personnel compensation.....	(1)	80,303
Availability Pay (AP) (25%).....	0	0
Less personnel compensation in 2000.....	(17)	(63,064)
Cost of personnel compensation in 2001.....	(18)	17,239
Adjustment for 2001 pay raise (.037 X .75 X \$1).....	0	478
Amount required for personnel compensation.....	(18)	17,717
Benefits.....	0	4,977
Less Amount Absorbed.....	0	0
Total, Adjustment for positions financed part-year in 2000.....	(18)	22,694

Within-Grade Step Increase**0 355**

An increase of \$354,613 is requested to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases which will be earned in 2001.

Estimated number of within-grade step increases.....	214
Step increases not earned due to turnover (9.90% X 214).....	21
Step increases not earned due to turnover (9.90% X 214).....	2
Average cost per within-grade step increase.....	1,775
Gross cost of scheduled step increases (\$1,775 X 214).....	379,850
Less savings due to separations (\$1,775 X 21 X 2).....	(74,550)
Subtotal, personnel compensation.....	305,300
Benefits.....	49,313
Total adjustment-to-base.....	354,613

Civil Service Retirement System (CSRS)**0 (112)**

The number of employees covered by the Civil Service Retirement System (CSRS) is expected to decrease slightly for regular employees as positions become vacant and are filled by employees covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for regular employees covered by CSRS will drop from 45.60% to 43.20% in 2001. For law enforcement, the number of employees covered by CSRS is expected to decrease as positions become vacant and are filled by employees covered by FERS. The number of law enforcement employees covered by CSRS will drop from 46.70% in 2000 to 35.20% in 2001. Contribution rates will remain the same.

Regular Employees:	
CSRS Cost in 2001 (\$15,578,000 X .4320 X .0851).....	572,697
CSRS Cost in 2000 (\$15,578,000 X .4560 X .0851).....	604,514
Subtotal.....	(31,817)
Law Enforcement Agents:	
CSRS Cost in 2001 (\$7,709,000 X .3520 X .0901).....	244,492
CSRS Cost in 2000 (\$7,709,000 X .4670 X .0901).....	324,369
Subtotal.....	(79,877)
Total adjustment-to-base.....	(111,693)

Federal Employees' Retirement System (FERS)

0 247

The number of employees covered by FERS is expected to slightly increase in 2000 for regular employees as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for regular employees will increase from 54.40% in 2000 to 56.80% in 2001. For law enforcement, the estimated percentage of payroll is expected to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for law enforcement employees covered by FERS will increase from 53.30% in 2000 to 64.80% in 2001. Contribution rates will remain the same.

Regular Employees:

FERS cost in 2001 (\$15,578,000 X .5680 X .1070).....	946,769
FERS cost in 2000 (\$15,578,000 X .5440 X .1070).....	906,764
Subtotal.....	40,005
Law Enforcement Agents:	
FERS cost in 2001 (\$7,709,000 X .6480 X .2330).....	1,163,936
FERS cost in 2000 (\$7,709,000 X .5330 X .2330).....	957,373
Subtotal.....	206,563
Total adjustment-to-base.....	246,568

Thrift Savings Plan

0 25

The cost of BXA's contribution to the Thrift Savings Plan is also expected to rise as FERS participation increases. The contribution rate is expected to remain at 2.0%.

Regular Employees:

Cost in 2001 (\$15,578,000 X .5680 X .0200).....	176,966
Cost in 2000 (\$15,578,000 X .5440 X .0200).....	169,489
Subtotal.....	7,477
Law Enforcement Agents:	
FERS cost in 2001 (\$7,709,000 X .6480 X .0200).....	99,909
FERS cost in 2000 (\$7,709,000 X .5330 X .0200).....	82,178
Subtotal.....	17,731
Total adjustment-to-base.....	25,208

Federal Insurance Contributions Act (FICA)

0 94

As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will rise from \$73,275 to \$78,450 in 2001. The OASDI tax rate will remain at 6.2% in 2001.

Regular Employees:

2001	\$15,578,000 X .5680 X .9690 X .0620.....	531,588
2000	\$15,578,000 X .5440 X .9640 X .0620.....	506,500
		<hr/>
Subtotal.....		25,088

Law Enforcement Agents:

2001	\$7,709,000 X .6480 X .9720 X .0620.....	301,045
2000	\$7,709,000 x .5330 x .9590 x .0620.....	244,307
		<hr/>
Subtotal.....		56,738

Other than Permanent (Regular Employees):

2001	\$372,000 x .5680 x .9690 x .0620.....	12,694
2000	\$372,000 x .5440 x .9640 x .0620.....	12,095
		<hr/>
Subtotal.....		599

Other than Permanent (Law Enforcement):

2001	\$1,577,000 x .6480 x .9720 x .0620.....	61,584
2000	\$1,577,000 x .5330 x .9590 x .0620.....	49,977
		<hr/>
Subtotal.....		11,607

Total adjustment-to-base.....	94,032
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Health Insurance Premium

0 148

This agency's contribution to Federal employees' health insurance premiums increased by 10.3%. Applied against the 2000 estimate of \$1,438,000, the additional amount required is \$148,114.

Employees' Compensation Fund

0 22

The Employees Compensation Fund bill for the year ending June 30, 1999 is \$22,000 lower than the bill for the year ending June 30, 1998. The charges will be reimbursed to the Department of Labor pursuant to 5U.S.C. 8147.

	FTE	Amount
Vehicle Leases	0	101
In 2001, \$101,000 is requested for increased rates for vehicle leases. The new selected vendor's price is higher than the former vendor, which is no longer servicing the government.		
Travel Agency	0	16
An additional \$16,000 is requested to cover the cost charged by the travel agency with the DOC contract for providing airline tickets under the new method of compensating the travel agency.		
One Less Compensable Day	0	(114)
The decreased cost of one less compensable day in FY 2001 compared to FY 2000 is calculated by dividing the FY 2000 estimated personnel compensation (\$113,540) by 261 days. The cost decrease of one compensable day.		
Rental Payments to GSA	0	99
GSA rates are projected to increase 2.1% in 2001. This percentage was applied to the 2000 estimate of \$4,706,000 to arrive at an increase of \$98,826.		
Space - International Trade Center	0	23
The Department's Office of Real Estate Policy and Major Programs is projecting that rent and operating costs in the International Trade Center will be \$22,542 in 2001. Beginning this year, BXA will be charged rent unlike in the past.		
National Archives and Records Administration (NARA) Storage Cost	0	(1)
In FY 2001, there is a decrease of \$1,000.		
GPO Printing	0	6
GPO has provided an estimated rate increase of 3.3% in 2001. This percentage was applied to the 2000 estimate of \$182,000 to arrive at an increase of \$6,006.		
Executive Development and Leadership Training	0	40
Consistent with Department's SES 2000 plan, an increase of \$5,000 for each currently onboard SES position is required.		
Working Capital Fund	0	53
An additional \$53,000 is required to fund cost increases in the General Administration's Working Capital Fund.		
General Pricing Level Adjustment	0	128
This request applies OMB economic assumptions for 2000 to sub-object classes where the prices that the Government pays are established through the market system. A 1.5% factor is being applied to rent, communications, utilities, and miscellaneous charges (excluding postage, FTS and NARA) (\$14,000), other services (excluding the Working Capital Fund and CAMS) (\$92,000); supplies and materials (\$14,000); and equipment (\$8,000).		
Total - FY 2001 Adjustments-to-Base	0	\$3,001

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Program and Performance: Direct Obligations
(Dollar amounts in thousands)

Comparison by Activity:		1999		2000		2001		2001		Increase/ Decrease	
		Actual		Currently Available		Base		Estimate			
		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Management and Policy Coordinati	Pos./BA	24	\$3,139	25	\$3,837	25	\$4,051	32	\$4,751	7	\$700
	FTE/Obl.	24	3,840	25	4,143	25	4,051	30	4,751	5	700

Exhibit - 11

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Program and Performance: Reimbursable Obligations
(Dollar amounts in thousands)

Comparison by Activity:		1999 Actual		2000 Currently Available		2001 Base		2001 Estimate		Increase/ Decrease	
		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Management and Policy Coordination.....	Pos./BA	0	\$4,872	0	\$8,805	0	\$4,003	0	\$4,003	0	\$0
	FTE/Obl.	0	4,872	0	8,805	0	4,003	0	4,003	0	0

**Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Management and Policy Coordination

Goals and Objectives

Goal: To provide executive direction and policy guidance necessary to administer effectively U.S. export control laws and laws regarding the defense industrial and technology base.

Objectives: Pursuant to the Export Administration Act of 1979, as amended, the Defense Production Act of 1950, as amended, and other applicable statutes, the objectives of this activity are to: develop, implement and enforce export controls for reasons of national security, nonproliferation, foreign policy and short supply; reform and streamline the existing control process; establish multilateral control and enforcement regimes; take prompt, aggressive action against violations of U.S. export control statutes; harmonize export control programs with our allies; help newly emerging countries develop effective export control systems and dismantle their defense industries; oppose restrictive trade practices or boycotts; and develop and implement sound policies relating to the U.S. defense industrial and technology base.

Base Program

This activity funds the Office of the Under Secretary for Export Administration and supporting offices. Management and Policy Coordination(MPC) officials provide management and policy guidance to the Assistant Secretaries responsible for the operation of statutory export control, export enforcement, and defense industrial and technology base programs. The MPC portion of BXA's budget funds a system of integrated functions and activities that directly support important national goals.

Ongoing BXA management responsibilities of this activity include (1) the establishment of BXA's overall policy agenda and setting management objectives for operating units and evaluating the performance of these units for consistency with BXA's overall policies; (2) performing oversight of program operations and expenditures; (3) adjudicating appeals of licensing and enforcement decisions as part of an extended legal process involving Departmental Administrative Law Judges and the Office of the General Counsel; and (4) providing leadership in international negotiations at the Coordinating Committee on Multilateral Export Controls successor regime (the Wassenaar Arrangement), the Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG), the Australia Group, and the Supercomputer Suppliers Arrangement.

MPC supports the Secretary of Commerce by (1) providing policy support to the Secretary of Commerce on matters relating to BXA's responsibilities; (2) preparing reports and testimony and conducting liaison and public information programs relating to BXA activities; and (3) representing the Department in ongoing interagency dialogues (i.e., with the Defense Department, the U.S. Customs Service, the State Department, the Energy Department, the National Security Council, the National Economic Council, and the U.S. Trade Representative) on issues involving national security and nonproliferation, export controls, and the defense industrial and technology base.

The Nonproliferation and Export Control (NEC) international cooperation program is also housed within this activity, and MPC provides guidance and coordination for this program which works with central European and Baltic states, Russia, Ukraine, Kazakhstan, and other countries in Central Asia and the Caucasus in order to help them develop national export control systems that meet international standards of effectiveness.

MPC also provides overall guidance and direction on key initiatives that support the President's agenda for reforms as outlined in the National Export Strategy, the National Performance Review, and Secretarial trade-related efforts. These include: (1) Reauthorizing the Export Administration Act; (2) Modifying and strengthening the multilateral export control regimes; (3) Streamlining and harmonizing export controls; (4) Developing and maintaining effective non-proliferation safeguards; (5) Expediting license processing; (6) Improving interagency coordination of licensing and enforcement programs; and, (7) Providing help in strengthening export controls and encouraging defense conversion in newly emerging countries.

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Increase for 2001

Nonproliferation and Export Control Cooperation for the New Independent States and Other Nations

(Dollar amounts in thousands)

		FY 2001 Base		FY 2001 Estimate		Incr. (+)/Dec. (-)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Management and Policy Coordination	Pos/BA	25	\$4,051	32	\$4,751	+7	+\$700
	FTE/Obl.	25	\$4,051	30	\$4,751	+5	+\$700

Nonproliferation and Export Control Cooperation for the New Independent States and Other Nations (7 positions, 5 FTE, and \$700,000). This increase directly supports the following Departmental Strategic Plan theme and goal:

Departmental Strategic Plan Theme1: Building for the future and promoting U.S. competitiveness in the global marketplace by strengthening and safeguarding the nation's economic infrastructure (while maintaining national security). Specifically to "enhance both export growth opportunities and the effective enforcement of export controls through cooperation with the Independent States of the former Soviet Union, the Baltics, and Central Europe."

Bureau Goal D: Restructure export controls for the twenty-first century.

Consistent with its priorities in FY 1999 and FY 2000, BXA seeks to establish the Nonproliferation and Export Control (NEC) International Cooperation initiative as a Department of Commerce-funded program. This initiative began in FY 1993 using base resources to create internal capacity to deliver export control and enforcement assistance to the New Independent States of the Former Soviet Union (FSU). From FY 1993 through FY 1995, the majority of funding resources to conduct technical exchanges (i.e., program activities) came primarily from the Department of Defense under the Cooperative Threat Reduction (or so-called "Nunn-Lugar") authority that targeted the four nuclear countries of the FSU (Russia, Ukraine, Belarus, and Kazakhstan). Funding through FY 1997 totaled approximately \$4.5M. Since FY 1996, funds have come to BXA primarily from the Department of State's Nonproliferation and Disarmament Fund (NDF) and Nonproliferation, Antiterrorism, Demining, and Related Activities (NADR) fund, and the target area for the export control international cooperative effort has been expanded beyond the four initial target countries into other regions (the Baltics, Central Europe, Central Asia). State funding in this period has totaled approximately \$4.7M.

For FY 1999, OMB supported, and the President's budget contained, an increase in BXA's budget to fund limited program activities not covered by the funding from other agencies, plus a modest increase in the small staff of fewer than 10 individuals who administer the international cooperative program for BXA. However, the Congress did not include the requested funds in the Department's appropriation for FY 1999.

BXA currently faces a dilemma because it receives no direct funding for the NEC International Cooperation activities. No matter how much funding is made available from other agencies to BXA for this purpose, and no matter how much of that proffered funding BXA accepts, none of that funding can be used to pay BXA personnel costs.

Because of BXA's prior successes in the NEC program, and the pressing security interests for the U.S. that are involved, there is increasing demand in Congress and other federal Departments for BXA to provide more assistance to the same set of nations, and to expand the assistance program to include China, India, Pakistan, and other nations considered prime proliferation risks. During the first half of FY 1999, State and other agencies that receive appropriated funds for such purposes directly (e.g., the Department of Defense and the Customs Service) have proposed to provide program funds to BXA for additional technical exchanges to be completed during FY 1999-2000. However, BXA's NEC staff currently is working very nearly at capacity, and soon must begin refusing the requests and funding. Should BXA find it necessary to refuse the requests and funding from the other agencies because its existing staff (the same complement originally provided from base resources in FY 1993) cannot carry any greater activity burden, the additional critical work will have to be postponed or foregone because all the other agencies involved in these international cooperative efforts acknowledge that only BXA possesses the requisite expertise and capability to do the work that is needed.

It is in the national security interests of the United States to continue to engage Russia and other nations of the FSU and Central Europe in cooperative export control work and to newly engage China, India, Pakistan, and other countries thought to pose proliferation risks. The benefits that can be derived by technical exchanges with these countries can be significant. In order to build a comprehensive program that taps the full range of BXA's expertise for assisting in development of export controls in both groups of priority countries of greatest consequence to our national security, BXA wishes to seek and accept funds from State in FY 2001 sufficient to permit continuation of the full range of activities in countries where the program now is underway (bilateral and multilateral technical exchanges, most of them conducted in the U.S. and some conducted abroad, and development of training materials and interactive software for the target countries to use in their export control programs and their regulated industries) plus \$1.0M to institute comparable programs in China, India, and Pakistan (\$250K each) and several other key non-NIS nations (\$250K). Direct Commerce funding -- for the staff resources needed to carry out the technical exchanges for which the State funds will pay -- will complement, not duplicate, the State funding BXA will seek. Both types of funds -- program and personnel -- are necessary in order to conduct nonproliferation and export control international cooperation activities with all these nations.

	2001	2002	2003	2004	2005
Budget Authority . . .	\$700	\$700	\$700	\$700	\$700
Outlays	\$595	\$665	\$700	\$700	\$700
FTE	5	5	5	5	5

Department of Commerce
Bureau of Export Administration
Operations and Administration
Program Change Personnel Detail

Activity: Management and Policy Coordination

Program Change: Nonproliferation Export Control Cooperation for the New Independent States and Other Nations

Title:	Grade	Number	Annual Plan	Total Salaries
Export Policy Analyst	GS-13	2	60,890	121,780
Export Policy Analyst	GS-12	1	51,204	51,204
Export Policy Analyst	GS-11	1	42,724	42,724
Export Policy Analyst	GS-09	1	35,310	35,310
Technical Specialist	GS-09	1	35,310	35,310
Administration Specialist	GS-09	1	35,310	35,310
Total		7		321,638
Less lapse	25.0%	(2)		(80,410)
Total, full-time permanent		5		241,229
FY 2001 pay raise	3.7%			8,925
Availability pay	25.0%			0
Total full-time permanent:		5		250,154

Personnel Data:	Number
Full-time Equivalent Employment:	
Full-time permanent	5
Other than full-time permanent	0
Total	5

Authorized Positions:	Number
Full-time permanent	7
Other than full-time permanent	0
Total	7

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Program Change Detail by Object Class
(Dollars in thousands)

Activity: Management and Policy Coordination

Program Change: Nonproliferation Export Control Cooperation for the New Independent States and Other Nations

FY 2001

Object Class

Increase

	Personnel compensation	
11.1	Full-time permanent	\$250
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	250
12.1	Civilian personnel Benefits	55
13	Benefits for former personnel	0
21	Travel and transportation of persons	33
22	Transportation of things	8
23.1	Rental payments to GSA	70
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	22
24	Printing and reproduction	17
25	Other services	178
26	Supplies and materials	36
31	Equipment	31
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	\$700

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Program and Performance: Direct Obligations
(Dollar amounts in thousands)

Comparison by Activity:		1999 Actuals		2000 Currently Available		2001 Base		2001 Estimate		Increase/ Decrease	
		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Export Administration.....	Pos./BA	172	\$21,776	192	\$23,517	192	\$24,828	215	\$33,328	23	\$8,500
	FTE/Obl.	168	22,769	191	23,930	191	24,828	208	33,328	17	8,500

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration

Program and Performance: Reimbursable Obligations
(Dollar amounts in thousands)

Comparison by Activity:		1999 Actuals		2000 Currently Available		2001 Base		2001 Estimate		Increase/ Decrease	
		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Export Administration.....	Pos./BA	0	\$289	0	\$1,000	0	\$1,000	0	\$1,000	0	\$0
	FTE/Obl.	0	289	0	1,000	0	1,000	0	1,000	0	0

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Export Administration

Goals and Objectives

Goal: To safeguard U.S. national and economic security, nonproliferation, and trade interests by effectively administering U.S. export control laws relating to dual use technologies and weapons of mass destruction; remove outdated export controls; develop, promote and implement policies which ensure a strong and technologically superior defense industrial base; oversee compliance by the U.S. business community with the newly ratified Chemical Weapons Convention (CWC) Treaty; support the President's goal to develop a legally binding protocol to strengthen the Biological Weapons Convention; and implement the Nation's encryption export policy.

Objectives: Pursuant to the Export Administration Act of 1979 (the Act), as amended, Defense Production Act (DPA) of 1950, as amended, and the Chemical Weapons Convention Implementation Act (CWCIA) of 1997, the objectives of this activity are: to develop and implement export controls; expedite decontrol of non-critical commodities; harmonize export control programs among the various international regime members; continuously improve license application analysis; ensure knowledge of U.S. export regulations by the business community; develop and implement policies to ensure that U.S. defense-related industries meet current and projected defense requirements; oversee compliance with the Chemical Weapons Convention by the U.S. business community; and participate in discussions to develop an encryption policy that supports electronic commerce and public safety needs. Although the Act has expired, the Administration is seeking reauthorization. We are meeting our objectives through delegations contained in Executive Order 12924, issued under authority of the International Emergency Economic Powers Act.

Base Program

Export Administration (EA) exercises licensing jurisdiction over dual-use commodities and technical data exports from the United States and the re-export of these to other foreign destinations as authorized by the Act. Exports of commodities or technical data which have strategic or foreign policy concerns require formal authorization through issuance of an export license. EA controls exports by means of export licenses or license exceptions.

Export license applications to the West are the simplest to process and their volume continues to decline, while license applications for exporting goods and technologies associated with the proliferation of weapons of mass destruction and missile systems to deliver them are on the rise and pose a new challenge to the United States. These applications for export to the emerging democracies in Eastern Europe, the New Independent States (NIS), and countries and regions of proliferation concern require close coordination with other agencies, BXA, and the intelligence community.

Streamlining Export Controls Without Jeopardizing National Security and Foreign Policy Objectives: EA is responsible for eliminating unnecessary and ineffective export controls and streamlining the export control process. EA provides technical and policy support for bilateral and multilateral export control negotiations, and in turn, interprets and applies export licensing policies developed to counter the proliferation of weapons of mass destruction. As part of this effort, EA develops and publishes export control regulations and procedures, and resolves interagency disputes over the disposition of individual licenses and policy issues affecting licenses for a specific commodity or to a specific destination.

Export Policy Implementation EA is responsible for implementing U.S. export control policy for dual-use technologies, including encryption, telecommunications, and computers. EA participates in discussions to develop an encryption policy that will support both electronic commerce and public safety needs. The encryption policy aims to promote the growth of electronic commerce and secure communications worldwide while protecting the public safety and national security.

Defense Conversion and Defense Trade Advocacy: EA conducts programs to assist U.S. defense firms to diversify into commercial activities in the face of declining defense budgets and evaluates the health and competitiveness of defense industries and critical technologies to meet national security needs. EA provides defense trade advocacy for U.S. industry in support of SPCC and assesses the impact of defense memoranda of understanding on U.S. industry (MOU).

Outreach/Education: EA's staff at headquarters and the Western Regional Office provide assistance to the business community through seminars, responses to inquiries, and helpful publications. EA maintains up-to-date export licensing and export control policy information on the BXA Website. EA conducts foreign/domestic systems reviews of special license holders to ensure compliance with export regulations.

Chemical Weapons Convention: EA is responsible for overseeing compliance with the Chemical Weapons Convention by the U.S. business community. This responsibility includes facilitating domestic visits of international inspection teams to determine compliance with treaty obligations, analyzing industry reports forwarded in compliance with multilateral treaty obligations, and informing industry of its obligations under the treaty.

All Other: EA implements the National Defense Authorization Act provisions on High Performance Computers. EA develops plans to operate and staff government's industrial resource responsibilities during a national emergency (Emergency Preparedness) and promotes industrial preparedness planning with our allies (NATO). EA prevents disruption of U.S. and international commodity markets through service as chairman of the National Defense Stockpile Interagency Market Impact Committee. EA develops technology transfer policy initiatives as a Commerce representative to the Committee on National Security (CNS). EA supports the Critical Infrastructure Assurance Office (CIAO) initiatives relating to international outreach and emergency industrial response and assessment.

A major structural change has been undertaken by EA to take into account the end of the Cold War and the new security concerns with the proliferation of weapons of mass destruction. The new structure recognizes that future threats to the U.S. national security are likely to arise from rogue nations pursuing weapons of mass destruction or from a decline in the economic competitiveness of the U.S., and also increases the focus EA's resources on customer service and improving the quality of its analysis and decision making.

Export Control Regime Offices

EA's principal nonproliferation and unilateral export control operations are organized into three offices including: the Office of Nuclear and Missile Technology Controls; the Office of Chemical and Biological Controls and Treaty Compliance; and the Office of Strategic Trade and Foreign Policy Controls.

Each of these regime offices plays an important role in implementing the full range of responsibilities associated with nonproliferation export controls and unilateral export controls. They participate in interagency and international deliberations to determine the list of items that will be controlled. The licensing officers are responsible for decisions on export license applications based on their technical analysis of the specific transactions and are active in the interagency dispute resolution process when consensus cannot be reached among the reviewing agencies. They also provide preapplication commodity classifications and advisory opinions to help exporters determine the licensing requirements for their export transactions. These export control offices also provide assistance to the Technical Advisory Committees and support the BXA seminar program.

The **Office of Nuclear & Missile Technology Controls (NMT)** administers U.S. multilateral and unilateral export controls on nuclear and missile technology. The United States is a member of both the Nuclear Suppliers Group (NSG) and the Missile Technology Control Regime (MTCR). These international organizations focus on preventing the spread of weapons of mass destruction. This office represents the Department in international negotiations on the export controls shared by member-nations of the NSG and MTCR. NMT is also responsible for all policy actions, export licenses, commodity classifications, and advisory opinions for commodities subject to nuclear and missile technology controls. NMT, composed of the Nuclear Technology Division (NTD) and Missile Technology Division (MTD), also applies export restrictions as appropriate on items subject to the Enhanced Proliferation Control Initiative (EPCI) and the Nuclear Referral List (NRL).

The **Office of Chemical/Biological Controls and Treaty Compliance (CBTC)** is responsible for implementing multilateral export controls in the area of chemical and biological weapons (CBW) proliferation. The office supports multilateral export control activities under the Australia Group and administers industry compliance through export licensing, commodity classifications, and advisory opinions on CBW-related issues.

CBTC is responsible for implementing a number of industry programs under the Chemical Weapons Convention (CWC) including: collection, validation and aggregation of data declarations from about 2,000 U.S. plant sites; education of industry concerning its treaty obligations; serving as the lead agency escort for the Organization for the Prohibition of Chemical Weapons (OPCW) inspections of U.S. business facilities; assisting U.S. firms in drafting facility inspection agreements; negotiating final facility agreements with OPCW on behalf of the U.S. National Authority; implementing CWC export control and trade restriction provisions; and, representing the views of the business community to insure that they are fully integrated in the decision-making process in the U.S. Government and in international deliberations on matters of CWC compliance and implementation. CBTC also participates in the interagency biosafety working group involving the Convention on Biological Diversity. CBTC administers Congressionally-mandated restrictions on the export of domestically produced petroleum and timber pursuant to six statutes. This office played a lead role in developing the Administration's position on the export of Alaskan North Slope crude oil and administering the state log export ban mandated by the Forest Resources Conservation and Shortage Relief Amendments Act of 1993. The office also analyzes the impact of U.S. export control/economic policy options on the oil industry (e.g., the Iranian sanctions). CBTC is responsible for the Department's role in the Biological and Toxins Weapons Convention (BWC), and cooperates with other U.S. Government agencies in the discussions of the Ad Hoc Group working to develop a protocol to strengthen the treaty, and seeks to insure that the protocol being developed can be supported by industry. CBTC works with industry organizations to coordinate and promote cooperation with government in addressing BWC issues.

The **Office of Strategic Trade and Foreign Policy Controls** implements multilateral export controls under the Wassenaar Arrangement, which deals with conventional arms and related sensitive dual-use items. It is also responsible for the bilateral Supercomputer Regime and for implementing unilateral U.S. foreign policy controls for antiterrorism, regional stability and crime control. Its responsibilities in these areas include development of licensing policies and negotiating positions, control list development, export licensing, and preparation of commodity classifications and advisory opinions. This office also prepares the annual Foreign Policy Export Controls Report to Congress, and is responsible for assistance to other governments relating to export controls. The office has the lead within BXA for the development of encryption policy, the licensing of commercial encryption products and the regulation of key recovery agents.

Defense Industries

The **Office of Strategic Industries and Economic Security (SIES)** is responsible for implementing programs to ensure that the U.S. defense industries can meet current and future national security requirements. It is also tasked with facilitating diversification of U.S. defense related industries into civilian markets, and for analyzing the economic impact of U.S. export controls, other trade policies, and cooperative international defense agreements on U.S. industrial competitiveness.

SIES identifies foreign market opportunities for U.S. defense manufacturers, evaluates the industrial base impact of international defense cooperative programs, and the potential impact on U.S. industry marketing initiatives of the sale of excess defense articles and stockpile materials. Additionally, the division is responsible for

administering the priorities and allocations authorities of the Defense Production Act, for coordinating Commerce's emergency planning preparedness program to ensure industrial responsiveness in emergency situations, and participating in NATO's Industrial Planning Committee. The division is also tasked with facilitating the conversion of military enterprises in the New Independent States.

SIES analyzes the impact of offsets in defense trade on the U.S. defense industrial base and develops initiatives to reduce economic inefficiencies. It also assesses the defense industries capabilities and critical technologies to meet national security needs. This is done by conducting national security reviews on the impact of foreign direct investment in U.S. industries, and carrying out investigations under Section 232 of the Trade Expansion Act of 1962, which calls for an analysis of the impact of foreign imports on the U.S. defense industrial base and defense diversification and competitive enhancement activities for small and medium-sized defense subcontractors.

SIES ensures that the economic impact of export controls on U.S. firms is considered in the export licensing process, along with national security and foreign policy concerns. It conducts assessments to determine if U.S. export controls are placing American firms at a competitive disadvantage in world markets. It accepts claims of foreign availability and unfair economic impact, collects and analyzes data related to such claims, and recommends appropriate actions based on its analysis. It also analyzes the economic implications of export controls regulation and policy options on U.S. industry.

Exporter Services

The **Office of Exporter Services (OExS)**, comprised of five divisions and a field office on the West Coast, is responsible for EA's outreach functions, maintaining the Export Administration Regulations, and policy coordination within EA. OExS responds to inquiries from the exporting community; participates in seminars and other outreach efforts to help exporters understand and comply with the Export Administration Regulations (EAR); and analyzes requests for expedited licensing treatment to determine whether such treatment should be granted. This office is responsible for codifying regulatory policy, revising the current regulations, drafting new regulations, and coordinating the clearance of all amendments to the Export Administration Regulations. OExS receives, screens, and enters all export licensing data and classification information into the Export Control Automated Support System (ECASS) and issues export licenses upon approval. In compliance with the National Defense Authorization Act (NDAA), OExS is responsible for the timely review, referral, and final notification of all NDAA notices. The office is responsible for the storage, maintenance, and retrieval of all licensing documents, and maintains and disseminates all export licensing forms. This office issues all import certifications for controlled commodities entering the U.S. and implements the EPCI End User Verification process through which U.S. exporters are informed of proliferation concerns.

OExS ensures that the Special Comprehensive Licenses (SCL) remain in compliance with the regulations and terms of the licenses by conducting domestic and foreign on-site systems reviews of the SCL Internal Control Programs. An SCL is a license established for knowledgeable, reliable exporters and consignees who export and reexport high volumes of items to pre-approved destinations. OExS develops and revises Internal Control Program Guidelines and Export Management System Guidelines, which companies use to ensure exports are consistent with the EAR. This office also initiates and administers International Cooperative Licenses (ICL's) to facilitate the export of items needed to fulfill U.S. partnership obligations in international cooperative efforts. OExS conducts seminars on a variety of export control issues and develops brochures and other written guidance to educate and train exporters in order to ensure compliance with the EAR. Each year export control seminars, ranging from introductory licensing courses to advanced sector-specific workshops, are conducted by the Export Seminar Staff and the Western Regional Office to educate exporters on all aspects of export licensing and export license regulations. In addition, two Update conferences --which are designed to provide exporters with the latest policy and regulatory information -- are held each year, one in Washington, D.C. and one on the West Coast. This office also provides individual speakers to numerous industry and trade events held across the country on export control and related topics and provides extensive support for BXA's efforts in assisting the U.S. defense industrial base to diversify into commercial markets.

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION

Increase for 2001

Chemical Weapons Convention, (CWC) Inspections and Protecting United States Plant Sites

(Dollar amounts in thousands)

		FY 2001 Base		FY 2001 Estimate		Incr. (+)/Dec. (-)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Export Administration	Pos/BA	192	\$24,828	215	\$33,328	+23	+\$8,500
	FTE/Obl.	191	\$24,828	208	\$33,328	+17	+\$8,500

Chemical Weapons Convention, (CWC) Inspections and Protecting United States Plant Sites (23 Positions; 17 FTE and \$8,500,000). The Chemical Weapons Convention (CWC) treaty requires all ratifying nations to collect and report extensive data concerning the chemical activities of their companies, and requires private sector, government, and military chemical facilities to submit to routine and challenge inspections. These critical missions are encompassed in Theme 1(D) of the Department of Commerce's Strategic Plan for 1997-2002.

Departmental Strategic Plan Theme 1: Building for the future and promoting United States competitiveness in the global marketplace by strengthening and safeguarding the nation's economic infrastructure (while maintaining national security).

Bureau Goal D: Restructure export controls for the twenty-first century.

On April 24, 1997, the U.S. Senate ratified the Chemical Weapons Convention which bans chemical weapons and monitors the production, processing, consumption, and transfer of toxic chemicals and precursors for peaceful purposes (e.g., industrial, agricultural). The treaty entered into force on April 29, 1997, and ratifying nations (States Parties) are required to submit annual declarations on their chemical weapons and industry activities. The United States was unable to submit industry declarations or to host inspections at private facilities without the passage of domestic implementing legislation. On October 21, 1998, the CWC Implementation Act of 1998 was enacted, but the implementing regulations were not completed until late 1999, until which time companies could not submit declarations to BXA. This has resulted in other States Parties hosting all industry inspections, leading to complaints that they are being treated unfairly vis-a-vis the United States, and to demand that reinspections in those countries not occur until the initial inspections are completed in the United States. Nine senators expressed their disappointment with U.S. non-compliance with the Convention in a letter to the President on May 27, 1999. The Department of Commerce published the Chemical Weapons Convention Regulations (CWCER) on December 30, 1999, and the bulk of the declarations and reports required from U.S. industry under the CWC are due to BXA on March 30, 2000; inspections are expected to commence shortly thereafter.

According to the Convention, initial inspections of Schedule 1 facilities must be completed within 180 days of submission of national declarations and inspections of Schedule 2 facilities should be completed by April 2000. The Organization for the Prohibition of Chemical Weapons (OPCW), which administers the treaty, has

accomplished this goal in all other States Parties except the United States. Therefore, the OPCW will attempt to complete all U.S. Schedule 1 and 2 initial inspections immediately upon receipt of our industry declarations. This will result in an immediate surge in inspections in the United States. As the Lead Agency responsible for industry compliance with the Convention, BXA anticipates that over 160 Schedule 1 and 2 facilities will be subject to inspection. Consequently, BXA must be prepared to host a significant number of inspections in calendar years 2000 through 2002. Moreover, because the OPCW wants to complete all initial inspections as soon as possible after April 2000, BXA anticipates the OPCW will try to pressure the US into hosting at least 61 inspections per year in CY 2000 through FY 2002 in order to comply fully with our CWC treaty obligations.

The BXA EA CWC implementation program will play a critical role in ensuring that United States industry complies fully with all treaty reporting requirements and that confidential business information (CBI) from United States chemical and pharmaceutical firms is protected from unauthorized release during inspections. This BXA activity will contribute to the national security and economic strength of the United States and help keep America competitive by ensuring that its cutting edge technology is protected.

BXA's original FY 2001 request to the Office of Management and Budget for an \$11.7M CWC increase to support 61 inspections has been cutback to \$8.5 million. The FY 2001 BXA CWC increase of \$8.5M and 17 FTE will provide funding and staff for BXA to (1) reimburse the Defense Threat Reduction Agency (DTRA) for support services on 43 industrial inspections, (2) provide contract staff to temporarily augment Commerce staff on inspections and declaration processing, (3) provide permanent Commerce staff for six CWC inspection management teams (IMTs), and (4) allow for travel and representation in ongoing OPCW negotiations.

DTRA is the expert in the USG at hosting inspections; it will provide transportation, trained escort staff and other support services for inspections. DTRA has provided a revised cost estimate of \$4.6M for 36 inspections annually. Although there are more than 160 sites subject to initial inspection and Schedule 1 facilities will also be reinspected during this time, BXA hopes to work within the USG interagency to restrict the total number of inspections to 43 in FY 2001. To conduct 43 inspections in FY 2001, we believe that our DTRA funding needs to be increased 19 percent to \$5.3M in FY 2001. Since Congress appropriated a base of \$1.9M in FY1998-2000, we are requesting a \$3.4M increase in 2001. This temporary increase would continue until the backlog of initial U.S. industrial inspections has been eliminated, at which time the number of annual inspections would decrease to 36 and the funding for DTRA could be reduced to the DTRA estimate of \$4.6M.

Since we are now expecting 43 inspections, BXA needs to augment its existing IMT staff of 10 by 17 FTEs. BXA also needs to add 5 temporary contract staff, at an additional cost of \$ 0.3M in FY2001, until the backlog of initial U.S. industrial inspections has been eliminated.

Our budget estimates for declaration processing have been based on 2,000 plant sites submitting data for the initial and first annual declaration. This is approximately 4,000 declarations. Based on the current funding level for our contract staff, we requested \$640k for ten 8(a) contract data entry, clerical, and computer support staff for our CWC Information Management System declaration processing center in Rosslyn, Virginia. Under the CWC regulations, U.S. industry will be submitting up to six years of data, or roughly 10,000 declarations. Thus we believe that our contract data entry and computer support funding needs to be increased 250 percent to \$1.6M only for FY2001. After that time, annual funding for contract data entry and computer support can revert to \$640K.

Also included in this request is: \$506K for domestic travel associated with inspections and for representation in ongoing negotiations in The Hague, Netherlands; and \$300K for GSA leased office space in Rosslyn, near the State Department National Authority Coordinating Staff.

The following tentative performance measures will be tracked internally within BXA. (1) CWC Inspections Conducted: 43; (2) CWC Facility Agreements Concluded: 43; and (3) CWC Data Declarations Processed: 10,000. Final performance measures for this increase are being developed during the Departmental FY 2001 planning cycle.

	2001	2002	2003	2004	2005
Budget Authority . . .	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
Outlays	\$7,225	\$8,075	\$8,500	\$8500	\$8,500
FTE	17	17	17	17	17

Department of Commerce
Bureau of Export Administration
Operations and Administration
Program Change Personnel Detail

Activity: Export Administration

Program Change: CWC Inspections and Protecting U.S. Plant Sites

Title:	Grade	Number	Annual Plan	Total Salaries
OPCW Representative/Policy Analyst	GS-14	1	\$71,954	71,954
Chemical Engineer/Chemist	GS-14	5	\$71,954	359,770
Chemical Engineer/Chemist	GS-13	7	\$60,890	426,230
Policy Analyst	GS-12	6	\$51,204	307,224
Administration Specialist	GS-12	4	\$51,204	204,816
Total		23		1,369,994
Less lapse	25.0%	(6)		(342,499)
Total, full-time permanent		17		1,027,496
FY 2001 pay raise	3.7%			38,017
Availability pay	0.0%			0
Other Compensation (Overtime Costs)	0.0			0
Total full-time permanent:		17		1,065,513

Personnel Data:	Number
Full-time Equivalent Employment:	
Full-time permanent	17
Other than full-time permanent	0
Total	17

Authorized Positions:	Number
Full-time permanent	23
Other than full-time permanent	0
Total	23

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Program Change Detail by Object Class
(Dollars in thousands)

Activity: Export Administration

Program Change: CWC Inspections and Protecting U.S. Plant Sites

Object Class		FY 2001 Increase
	Personnel compensation	
11.1	Full-time permanent	\$1,066
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	1,066
12.1	Civilian personnel Benefits	234
13	Benefits for former personnel	0
21	Travel and transportation of persons	506
22	Transportation of things	0
23.1	Rental payments to GSA	578
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25	Other services	5,771
26	Supplies and materials	115
31	Equipment	230
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	\$8,500

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Program and Performance: Direct Obligations
(Dollar amounts in thousands)

Comparison by Activity:		1999		2000		2001		2001		Increase/ Decrease	
		Actual		Currently Available		Base		Estimate			
		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Export Enforcement.....	Pos./BA	176	\$21,605	198	\$23,499	198	\$24,808	217	\$26,808	19	\$2,000
	FTE/Obl.	176	23,946	195	23,499	195	24,808	209	26,808	14	2,000

**Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Export Enforcement**Goals and Objectives**

Goal: To maintain a fully effective law enforcement program to support U.S. foreign policy, stop proliferation of weapons of mass destruction, combat terrorism, and protect public safety interests.

Objectives: Pursuant to the Export Administration Act of 1979, as amended (the Act), Export Enforcement (EE) enforces dual-use export controls for reasons of national security, nonproliferation, counterterrorism, foreign policy and short supply, enabling the Administration to maximize legal export opportunities while ensuring that illegal exports will be detected and either prevented or investigated and sanctioned. These activities support the Administration's goals regarding the non-proliferation of chemical, biological and nuclear weapons and missile delivery systems. EE also ensures prompt, aggressive action against restrictive trade practices (i.e. boycotts), enforces export controls on encryption products, reviews visa applications of foreign nationals to prevent illegal technology transfers, and conducts cooperative enforcement activities on an international basis. Pursuant to the Chemical Weapons Convention and the EAR, EE has enforcement responsibilities for export and import of scheduled chemicals.

In addition, pursuant to the National Defense Authorization Act of 1998, EE must undertake time-sensitive analytical screenings and conduct a voluminous number of post shipment verifications on exports of high performance computers to 50 countries including China, India, Pakistan, Russia and Israel.

Base Program

The major objectives of BXA's enforcement program as set forth in EE's Strategic Plan include:

Investigating criminal and administrative violations and imposing civil sanctions for violations of the Act, the International Emergency Economic Powers Act, the Chemical Weapons Convention Implementation Act of 1998, the Fastener Quality Act, and related statutes and regulations. Specific activities include enforcing the export controls for scheduled chemicals and biological agents that are subject to the Export Administration Regulations; enforcing CWC data declaration and inspection requirements, enforcing export controls and import restrictions on scheduled chemicals, obtaining administrative warrants for CWC inspections; enforcing the export controls on encryption products transferred from the State Department Munitions List to the Commerce Control List; and investigating exports related to terrorist activities.

EE's preventive enforcement measures include developing and implementing measures to prevent violations of export control law. This includes reviews of unlicensed shipments as well as conducting pre-license checks and post-shipment verifications concerning licensed transactions; increasing emphasis on proactive enforcement programs to detect and neutralize proliferation efforts by countries of concern, especially through increased review of Shipper's Export Declarations (SEDs); increasing utilization of intelligence research and analysis to better target EE's nonproliferation and counterterrorism enforcement efforts; strengthening the review of visa applications of foreign nationals who are not permanent residents to prevent illegal exports of technology transfers to WMD and other weapons program; and conducting end-use checks overseas to detect and prevent diversions of U.S. goods to WMD projects and to countries of proliferation concern. Other preventive enforcement measures include

conducting analytical screenings of pre-export notifications and post shipment verifications on exports of high performance computers to 50 Tier 3 countries; and deterring antiboycott violations by focusing efforts on serious violations which merit major criminal and administrative sanctions.

EE's outreach objectives include expanding outreach and education programs to train U.S. exporters to identify and avoid illegal transactions; reducing U.S. business participation in foreign boycotts through a comprehensive public awareness program that increases private sector understanding of the antiboycott regulations; improving government-wide export enforcement efforts through increased cooperation with other U.S. government export control and enforcement agencies; and working cooperatively with foreign governments on enforcement issues related to fully effective export control programs. Other outreach activities include providing training and technical assistance to and increased coordination with foreign export enforcement officials. EE also conducts training for special agents and intelligence analysts regarding the changing export control environment.

The activities of the Office of the Assistant Secretary for Export Enforcement (OAS/Enforcement), the Office of Export Enforcement (OEE), the Office of Enforcement Analysis (OEA) and the Office of Antiboycott Compliance (OAC) are mandated by the Act.

Office of the Assistant Secretary: This office has oversight of all policy initiatives affecting Export Enforcement's operations. The office reviews and coordinates all enforcement issues arising under the Act, FQA, and CWC and acts for the Department in the settlement of export control, antiboycott, and FQA cases. This office is also responsible for coordinating activities related to exports of high performance computers. The Assistant Secretary serves on the Commission on Crime and Security in U.S. Seaports.

Office of Export Enforcement: This office investigates alleged export control violations using criminal investigators based in eight field offices throughout the country in major strategic technology exporting centers (Irvine, California; San Jose, California; New York City, New York; Herndon, Virginia; Boston, Massachusetts; Fort Lauderdale, Florida; Dallas, Texas; and Chicago Illinois). The Office of Export Enforcement (OEE) dedicates 116 trained professionals, 103 of whom are criminal investigators, to investigate export control violations. OEE protects U.S. national security, nonproliferation, foreign policy and short supply interests by detecting, preventing and investigating illegal exports and recommending prosecution of Export Administration Act (EAA) violators.

OEE's enforcement personnel work closely with other federal agencies involved in dual-use export controls such as the Department of Justice and its Federal Bureau of Investigation, the Departments of State, Defense, Treasury and its Customs Service, and Energy with and the Intelligence Community. Because of their close working relationship with BXA's licensing officers and policy staff, as well as with other USG agencies involved in export control, OEE agents have a sophisticated awareness of all aspects of the export control system, the importance of its provisions, and the potential areas of vulnerability.

OEE's Field Support and Intelligence Division, based in Washington, D.C., consists of special agents who collect and analyze information relating to potential dual-use export control violations. The Field Support and Intelligence Division serves as a central repository and point of contact for all intelligence information needed to identify/target suspects for enforcement investigations and to identify diversion networks. OEE's Headquarters staff enhances EE's efforts to prevent unlawful dual-use exports by supporting the investigative functions of the eight field offices and by conducting liaison with domestic and foreign government enforcement agencies. OEE participates in the enforcement aspects of various multilateral nonproliferation regimes including the Missile Technology Control Regime (MTCR), the Australia Group, the Nuclear Suppliers Group (NSG), and the Wassenaar Arrangement. OEE has authority to enforce export controls on scheduled chemicals that are subject to the EAR. The Chemical Weapons Convention Implementation Act was passed on October 21, 1998. Once the CWC Executive Order is issued, OEE will obtain administrative warrants for CWC inspections, and enforce data declaration and inspection requirements and new controls on exports and imports of scheduled chemicals.

OEE actively investigates exports relating to terrorist activities, and is a substantial contributor to and participant in the Interagency Intelligence Committee on Terrorism, which coordinates the government's intelligence activities related to counterterrorism. Special emphasis is being placed on the prevention of illegal exports of chemical weapons precursors, biological agents, and nuclear weapons and missile development equipment.

OEE has authority to enforce export controls on encryption products that were transferred from the State Department Munitions List to the Commerce Control List.

OEE has sole responsibility for enforcing the Fastener Quality Act which protects public safety by ensuring that certain threaded fasteners meet the technical performance standards asserted by manufacturers. OEE works closely with Commerce's National Institute of Standards and Technology and Patent and Trademark Office to administer the FQA and educate the fastener industry.

Office of Enforcement Analysis: The Office of Enforcement Analysis (OEA) conducts information collection, research, and analysis to review export licenses for enforcement concerns. OEA also analyzes intelligence information and correlates this information to determine when pre-license checks (PLCs) and post-shipment verification checks (PSVs) should be requested.

PLCs help EE and BXA determine the reliability of foreign consignees to receive sensitive U.S. technology. PSVs help ensure compliance with the terms and conditions of U.S. export licenses. OEA screens all Commerce export license applications to detect potential illegal exports. These preventive enforcement measures help to determine which license applications for the export of strategic technology should not be granted because the bona fides of the parties involved are questionable.

The Administration's license liberalization and decontrol initiatives are supported by an EE program which reviews shipper's export declarations (SEDs) received by the Census Bureau. This program enables OEA to review selected export transactions to detect violations of these licenses, using a computerized system to isolate those transactions involving Commerce-controlled items, particularly sensitive items of proliferation concern.

In addition, the U.S. Customs Service is establishing the Automated Export System (AES). This system will be used to monitor export documents. Effective review of SEDs by trained law enforcement personnel provides a crucial means of detecting the illegal and potentially damaging transfers of U.S. products and technologies. This information will be used to stop shipments before they reach the port of destination and ensure that commercially significant decontrols of technology do not compromise national security.

OEA has strengthened its Visa Review Program by developing arrangements with the State Department's Office of Consular Affairs and the Intelligence Community's Nonproliferation Center to develop information and leads for assessing use of business visas by foreigners to obtain controlled U.S. technology.

Office of Antiboycott Compliance: The mission of the Office of Antiboycott Compliance (OAC) is to ensure compliance with the antiboycott provisions of the Export Administration Act. OAC investigates violations (such as furnishing boycott-related information, refusals to deal with blacklisted businesses and religious discrimination) and pursues the appropriate administrative or criminal sanctions, including civil penalties, the imposition of periods of export denial, and referral to the Department of Justice for criminal prosecution. Cases warranting administrative action are settled by OAC or referred to the Department's Office of Chief Counsel for the initiation of administrative proceedings. OAC also compiles and publishes statistics about unsanctioned foreign boycotts and carries out extensive public education and counseling in antiboycott matters to encourage compliance with the law.

OAC provides support to the State Department in connection with the U.S. Government's efforts to persuade Arab governments to end their boycott of Israel.

OAC provides U.S. Embassies with detailed analysis and documentation of the boycott requests received in the United States for use in demarching the Arab governments.

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION

Increase for 2001

Weapons of Mass Destruction Prevention/Counter Terrorism/ Chemical Weapons Convention

(Dollar amounts in thousands)

		FY 2001 Base		FY 2001 Estimate		Incr. (+)/Dec. (-)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Export Enforcement	Pos/BA	198	\$24,808	217	\$26,808	+19	+\$2,000
	FTE/Obl.	195	\$24,808	209	\$26,808	+14	+\$2,000

Weapons of Mass Destruction Prevention/Counter Terrorism/Chemical Weapons Convention (19 Positions; 14 FTE and \$2,000,000) . This increase directly supports the following Departmental Strategic Plan theme and goals:

Departmental Strategic Plan Theme 1: Building for the future and promoting U.S. competitiveness in the global marketplace, by strengthening and safeguarding the nation's economic infrastructure (while maintaining national security).

Bureau Goal D: Restructure export controls for the twenty-first century.

Bureau Goal E: Maintain a fully effective law enforcement program and protect U.S. national security, foreign policy, nonproliferation of dual-use commodities and chemical weapons, counterterrorism, and public safety.

This cross-cutting initiative will enable enforcement personnel to investigate in-bound shipments; increase counterterrorism resources; increase outreach to high technology laboratories; enhance visa application reviews; and meet Export Enforcement's (EE) Chemical Weapons Convention (CWC) enforcement responsibilities.

Investigation of In-bound Shipments: An interagency group of law enforcement organizations has identified in-bound shipments as a significant gap in the U.S. government's program to combat terrorism. Export Enforcement has expertise in targeting out-bound shipments for counterterrorism concerns and would apply this expertise to in-bound shipments.

This cross-cutting initiative will implement Presidential Decision Directive 62 (May 22, 1998), which directs the National Security Council to establish interagency working groups on weapons of mass destruction prevention and counterterrorism. The Treasury Department chairs the interagency working group on preventing weapons of mass destruction from entering the United States. EE is currently participating on a task force with the U.S. Customs Service (Customs) on this project.

EE special agents presently work with Customs agents to target and investigate in-bound shipments. This initiative will enable EE and Customs to conduct cross-training on targeting transactions of concern.

Counterterrorism: EE received funds to initiate a counterterrorism program in FY 1997. That program has been tremendously successful. For example, EE has already completed joint investigations with the FBI and Customs (and, as the result of one of those, obtained the first indictment under the Antiterrorism and Effective Death Penalty Act). This involved an attempt to export night vision goggles, global positioning system modules, and a thermal imaging camera to the Hizballah in Lebanon. The export control violations provided the breakthrough that led to the discovery of a host of serious terrorism plots.

Another EE investigation involved the illegal export of military and police products to a company owned by the Aum Shinrikyu organization that was responsible for the fatal sarin gas attack on the Tokyo subway system. The export control investigation helped law enforcement agencies piece together other terrorist acts planned by the Aum.

EE needs to strengthen its counterterrorism program. It has the regulatory authority to do so. In January 1999, BXA published a regulation imposing license requirements for exports and certain reexports to Specially Designated Terrorists and Foreign Terrorist Organizations identified on lists published by Treasury's Office of Foreign Assets Control and the State Department. EE is developing guidance to its field offices for enforcement of this regulation. EE is also screening export transactions for terrorist supporting entities on Treasury's and State's lists. This initiative will enable EE to increase its efforts to investigate terrorist-supporting entities.

Export Enforcement plans to continue increasing its work with the FBI, Customs, the CIA and the State Department on counterterrorism initiatives, including participation in task forces and liaison work.

EE proposes to hire agents trained in the field of computer evidence recovery (Seized Computer Evidence Recovery Specialists), to help in its WMD and counterterrorism investigations. EE will also need additional specialized training for its agents on seizing of computer evidence. EE will also need to purchase specialized equipment (zip drives, jazz drives, software, back-up tape drives, sufficient lap top and desk top computers) to run diagnostics for computer evidence recovery.

Outreach at High Technology Laboratories:

- Russian Nuclear Laboratories Seminars. EE proposes to conduct seminars in Russian nuclear laboratories in conjunction with the Department of Energy's Nuclear Cities Initiative. The seminars train Russian laboratory officials about nonproliferation export controls and establish working relationships at the staff level.
- DOE Laboratories Initiative. Recent press articles have reported alleged export control violations at Department of Energy laboratories. As a result of recent export control investigations of these laboratories, the laboratories have requested BXA's help to correct the problem, specifically in the form of training. Moreover, in their recent report on export licensing requirements, six Inspectors General raised concerns about the lack of understanding at Department of Energy laboratories of export license requirements applying to foreign visitors to United States laboratories. The report recommended that BXA be more proactive by conducting a series of outreach visits to high technology companies or industry associations it feels are appropriate candidates for deemed export licenses. EE proposes to conduct seminars at major DOE nuclear laboratories (including Los Alamos, Lawrence Livermore, and Oak Ridge). These seminars would educate senior officials and scientists about export control requirements in order to prevent violations by these labs.

In conjunction with these seminars, the nuclear labs will sponsor specialized training for Export Enforcement special agents. This training will include classified information relating to the nuclear fuel cycle and nuclear weapons development.

Visa Application Review Program: Export Enforcement has a unique, targeted visa program focused on assessing (1) visa applications for foreign visitors associated with WMD or other programs of concern who may pose a risk to United States businesses; and (2) leads to activity of export control concern such as front companies sponsoring foreign visitors for technology related purposes. This work involves close contact and exchange with the intelligence community.

Through this program, the United States government has denied visas to foreign nationals associated with weapons of mass destruction development and manufacturing programs. Yet, EE’s visa review program is small. The House Select (“Cox-Dicks”) Committee’s report on Chinese espionage calls for responding to this problem by significantly expanding the scope of the visa review program. EE is the only agency in the United States government that screens the visas of foreign visitors coming to visit United States companies (including the U.S. nuclear labs). If EE lacks resources for visa screening, this situation is likely to go unaddressed.

EE needs to dramatically increase personnel devoted to screening visa applications. EE also needs to upgrade security clearances to review classified information to assess visa requests.. This initiative will provide the funds to do these things.

CWC Enforcement: EE Special Agents will enforce data declaration and inspection requirements, export controls on chemicals, and import restrictions on scheduled chemicals. While EE has previously received appropriations for its CWC activities, these resources are inadequate for this immense task. Furthermore, enforcing the import restrictions is a new responsibility assigned to EE in 1999. In addition, EE will participate in CWC inspections. BXA projects that if funding requested for FY 2000 is approved, it will be able to conduct 35 inspections annually. However, the OPCW may wish to conduct as many as 60 inspections in the United States in the first year. EE agents will obtain and execute administrative warrants for each of these inspections. More agents are needed to accomplish these new and expanded responsibilities without reducing other crucial nonproliferation enforcement work.

This initiative will enable Export Enforcement to meet its performance measures related to outreach, completed investigations and investigations accepted for criminal and administrative prosecutions.

	2001	2002	2003	2004	2005
Budget Authority . . .	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Outlays	\$1,700	\$1,900	\$2,000	\$2,000	\$2,000
FTE	14	14	14	14	14

Department of Commerce
Bureau of Export Administration
Operations and Administration
Program Change Personnel Detail

Activity: Export Enforcement

Program Change: Weapons/Counter terrorism/Chemical Weapons Convention

Title:	Grade	Number	Annual Plan	Total Salaries
Criminal Investigator	GS-12	2	51,204	102,408
Criminal Investigator	GS-11	3	42,724	128,172
Criminal Investigator	GS-09	4	35,310	141,240
Criminal Investigator	GS-07	8	28,866	230,928
Export Compliance Specialist	GS-09	1	35,310	35,310
Administration Specialist	GS-07	1	28,866	28,866
Total		19		666,924
Less lapse	25.0%	(5)		(166,731)
Total, full-time permanent		14		500,193
FY 2001 pay raise	3.7%			18,507
Availability pay	25.0%			129,675
Total full-time permanent:		14		648,375

Personnel Data:	Number
Full-time Equivalent Employment:	
Full-time permanent	14
Other than full-time permanent	0
Total	14

Authorized Positions:	Number
Full-time permanent	19
Other than full-time permanent	0
Total	19

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Program Change Detail by Object Class
(Dollars in thousands)

Activity: Export Enforcement

Program Change: Weapons/Counter terrorism/Chemical Weapons Convention

Object Class		FY 2001 Increase
	Personnel compensation	
11.1	Full-time permanent	\$518
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	130
11.8	Special personnel services payments	0
11.9	Total personnel compensation	648
12.1	Civilian personnel Benefits	177
13	Benefits for former personnel	0
21	Travel and transportation of persons	122
22	Transportation of things	0
23.1	Rental payments to GSA	190
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	78
24	Printing and reproduction	19
25	Other services	354
26	Supplies and materials	156
31	Equipment	256
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	\$2,000

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Program and Performance: Direct Obligations
(Dollar amounts in thousands)

Comparison by Activity:		1999 Actual		2000 Currently Available		2001 Base		2001 Estimate		Increase/ Decrease	
		FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Critical Infrastructure Assurance Office...	Pos./BA	7	\$9,648	50	\$3,000	50	\$3,167	50	\$6,667	0	\$3,500
	FTE/Obl.	7	4,356	50	4,434	50	3,167	50	6,667	0	3,500

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Critical Infrastructure Program

Goals and Objectives

Goal: To serve as the inter-agency executive agent for the National Security Council (NSC) National Coordinator for Security, Infrastructure Protection and Counter Terrorism in developing a national capability to defend the country's critical information systems against attack, as directed by Presidential Decision Directive (PDD)-63.

Objectives: Pursuant to Presidential Decision Directive (PDD)- 63, the Critical Infrastructure Assurance Office (CIAO) was established on May 22, 1998. PDD-63, titled "Critical Infrastructure Protection," directs that a National Plan Coordination Staff (the CIAO) be formed to assist in government and industry-wide efforts to implement the provisions of the PDD.

Base Program

The major objectives of BXA's critical infrastructure program are as follows:

- C **Coordination.** The Critical Infrastructure Assurance Office (CIAO) functions as the Federal Government's interagency coordination mechanism for implementation of PDD-63. The CIAO proposes appropriate agendas for public and legislative to facilitate the goals and objectives in PDD-63. Additionally, the CIAO coordinates the overall effort to write the National Infrastructure Assurance Plan (NIAP), and assists the National Coordinator and the Office of Management and Budget in preparing associated Congressional budget requests. Necessary immediate actions pertaining to the NIAP, which includes the overarching strategy for government and industry cooperation relating to protecting infrastructures, include developing a matrix that will identify critical government systems, interdependencies between government systems, and interdependencies between government and private sector systems and integrating the various sector plans into the national plan. Of particular significance to the NIAP are the methodologies that will be used to reduce the possibility of successful cyber attacks on federal entities. Initial identification of these methodologies will involve the use of a standardized template for vulnerability assessment. This template, which has been developed by the CIAO, will assist federal departments and agencies in evaluating the vulnerabilities of their own internal infrastructures. These plans were reviewed by an Expert Review Team at the CIAO, and will be used in preparing integrated comprehensive remedial plans to mitigate those vulnerabilities and related interdependencies across the government. The individual lead agency initiatives and sector plans will then be included in the NIAP.
- C **Outreach and Education.** The CIAO will sponsor a national education and awareness program targeted toward increasing public understanding and participation in protection efforts. The focus of the program will be to better inform the public about vulnerabilities resulting from interdependent networks, as well as facilitate methodologies to enhance academic opportunities relating to computer ethics and information security. Further, the CIAO will engage in an outreach program to engage and educate (1) the critical infrastructure industries as supported by the Lead Agencies, (2) the business risk management communities, (3) the mainstream business community (including support for the National Infrastructure Advisory Council), (4) state and local governments, and (5) selected audiences representing the general public, including Congressional staff.

- C **Analysis on PDD-63 Status and Studies.** The CIAO will coordinate the preparation of reports to the President on the implementation of the directives in PDD-63. Analytical support for the CriticalInfrastructure Coordinating Group (CICG) and lead agencies, as requested by the National Coordinator, includes summarizing key infrastructure assurance laws; identifying and compiling cyber and physical security standards; cataloging training programs; and, analyzing model mutual aid agreements to assist state and local governments and the private sector in protecting and restoring critical facilities.

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Increase for 2001
Critical Infrastructure Assurance Office
(Dollar amounts in thousands)

		FY 2001 Base		FY 2001 Estimate		Incr. (+)/Dec. (-)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Critical Infrastructure.	Pos/BA	50	\$3,167	50	\$6,667	+0	+\$3,500
	FTE/Obl.	50	\$3,167	50	\$6,667	+0	+\$3,500

Critical Infrastructure Assurance Office (0 position, 0 FTE, and \$3,500,000). For FY 2000, the CIAO's funding was reduced from the President's Budget (PB) request of \$6.4M (\$6.0M was appropriated for FY 99) to \$3.0M, resulting in staff reductions and reduced program activity. For FY 2001, the additional \$3.5M above FY 00 appropriations will create a CIAO base to \$6.6M (the base will include \$0.5M for the State pilot Information Sharing Analysis Centers (ISACs), which is a new initiative). The restoration will still fall short of the FY 2000 PB request, but will permit the CIAO to perform its coordination and facilitation role in support of PDD-63 during the final year of its projected existence.

- C Personnel:** As an interagency office, and as mandated by PDD-63, the CIAO will continue to be staffed predominantly with non-reimbursable details from various agencies and departments. In addition, the CIAO is projecting the use of no more than 17 FTEs for FY 2001 (a net decrease of 8 from the staffing levels initially projected for FY 2000 and 13 from initial FY 2001 projections). The planned utilization of FTEs is based on minimum operational requirements and recognizes that the nature of the CIAO's mission requires highly qualified staff at appropriate levels to ensure effective engagement with the various sectors of the nation's infrastructures, and allows for contingencies for short-term staff required to support archiving of official CIAO files and other tasks associated with shutting down the Office at the termination of its projected existence.
- C Contracts:** The CIAO, in coordination with the NSC and interagency working groups, will continue to focus its work on refining the highest priority needs for contracts in light of a rapidly evolving set of new policy needs. The CIAO will capitalize on contracts initiated in FY 1999 and FY 2000 that support cross-cutting interagency needs and advance Presidential initiatives, as well as initiate additional contracts as policy needs dictate. Continuing contracts include: (1) development of a matrix that depicts the infrastructure dependencies that the Federal government has within the public and private sectors; (2) providing outreach and liaison support to fulfill the CIAO's mission and to develop a long-term vision in support of the Federal agencies designated as sector lead agencies; (3) providing expertise and assistance in developing appropriate programs to support PDD- 63 mandates; (4) building the Federal Cyber Services (FCS) Training, Education, and Awareness Program; (5) developing pilot training programs for federal information technology professionals in information security; (6) identifying the impact to the Federal government of critical vulnerabilities in certain systems widely used across US industry, and clarifying the policy implications of those vulnerabilities; and (7) coordinating a National Awareness Campaign for critical information systems protection. The CIAO staff will continue to interact both internally and with relevant outside entities to apply current informed views regarding the nature, extent and value of contracting opportunities. Recognizing that these contracts represent a significant expenditure, cost effectiveness will continue to be considered in all cases and only those that contribute to the overall CIAO mission will be initiated or continued.

C Travel: Plans for FY 2001 include funding for advisory committee support activities, including necessary travel costs. The planned National Infrastructure Advisory Council (NIAC), expected to be established soon, will impose substantial costs on the CIAO; the proposed budget reflects this. Additionally, activities in support of other major outreach and partnership activities will generate travel costs for staff and partners.

The CIAO will continue to provide effective stewardship of taxpayer money while moving ahead rapidly to accomplish the critical mission outlined in PDD-63.

	2001	2002	2003	2004	2005
Budget Authority . . .	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Outlays	\$2,975	\$3,325	\$3,500	\$3,500	\$3,500
FTE	0	0	0	0	0

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Program Change Detail by Object Class
(Dollars in thousands)

Activity: Critical Infrastructure

Program Change: Critical Infrastructure Assurance Office

Object Class		FY 2001 Increase
	Personnel compensation	
11.1	Full-time permanent	\$0
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	0
12.1	Civilian personnel Benefits	0
13	Benefits for former personnel	0
21	Travel and transportation of persons	0
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	0
24	Printing and reproduction	0
25	Other services	3,500
26	Supplies and materials	0
31	Equipment	0
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	\$3,500

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Summary of Requirements by Object Class
(Dollar amounts in thousands)

Object Class		1999 Actuals	2000 Current Availability	2001 Base	2001 Estimate	Increase/ Decrease
Personnel compensation:						
11.1	Full-time permanent.....	\$21,373	\$21,446	\$22,664	\$24,498	\$1,834
11.3	Other than full-time permanent.....	1,057	1,135	1,006	1,006	0
11.5	Other personnel compensation.....	1,869	1,918	1,679	1,809	130
11.8	Special personnel services payments.....	37	0	37	37	0
11.9	Total personnel compensation.....	24,336	24,499	25,386	27,350	1,964
12.0	Civilian personnel benefits.....	5,751	5,859	6,627	7,093	466
13.0	Benefits for former personnel.....	39	0	39	39	0
21.0	Travel and transportation of persons.....	1,627	1,705	1,844	2,505	661
22.0	Transportation of things.....	38	39	38	46	8
Rent, communications, and utilities:						
23.1	Rental payments to GSA.....	3,965	4,449	4,064	4,624	560
23.2	Rental payments to others.....	0	0	23	23	0
23.3	Communications, utilities and miscellaneous charges.....	1,148	1,018	1,047	1,425	378
24.0	Printing and reproduction.....	240	229	246	282	36
Consulting and other services						
25.1	Advisory and assistance services.....	148	166	448	448	0
25.2	Other services.....	4,272	5,334	4,520	8,204	3,684
25.3	Purchase of goods and services from Government accounts.....	11,547	11,039	10,551	16,670	6,119
26.0	Supplies and materials.....	1,083	883	1,296	1,603	307
31.0	Equipment.....	717	786	725	1,242	517
32.0	Lands and structures.....	0	0	0	0	0
33.0	Investments and loans.....	0	0	0	0	0
41.0	Grants, subsidies and contributions.....	0	0	0	0	0
42.0	Insurance claims and indemnities.....	0	0	0	0	0
43.0	Interest and dividends.....	0	0	0	0	0
50.0	Depreciation.....	0	0	0	0	0
99.0	Total Obligations.....	54,911	56,006	56,854	71,554	14,700
	Less: Recoveries.....	(1,614)	0	0	0	0
	Less: Unobligated balance, start of year.....	(2,930)	(5,801)	0	0	0
	Plus: Unobligated balance, end of year.....	5,801	0	0	0	0
	Plus: Unobligated balance, transferred.....	0	3,648			
	Less: Transferred from other accounts.....	(3,978)	0	0	0	0
99.1	Total Budget Authority.....	\$52,190	\$53,853	\$56,854	\$71,554	\$14,700

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration

Detailed Requirements by Object Class
(Dollar amounts in thousands)

Object Class	2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ Decrease
11 Personnel compensation:				
11.1 Full-time permanent:				
Executive level	\$26	\$345	\$345	\$0
Senior executive service	144	1,854	1,854	0
General schedule/regular employees	1,094	13,510	15,344	1,834
General schedule/law enforcement	543	6,955	6,955	0
Subtotal	1,807	22,664	24,498	1,834
11.3 Other than full-time permanent:				
General schedule	0	1,006	1,006	0
Wage board	0	0	0	0
Experts & consultants	0	0	0	0
Hourly	0	0	0	0
Subtotal	0	1,006	1,006	0
11.5 Other personnel compensation:				
Overtime	0	92	92	0
SES performance awards	0	19	19	0
Cash awards	0	260	260	0
Merit pay awards	0	0	0	0
Availability Pay	0	1,308	1,438	130
Subtotal	0	1,679	1,809	130
11.8 Special personnel services payments:				
Foreign service officers (State)	0	0	0	0
Other	0	37	37	0
Subtotal	0	37	37	0
11.9 Total personnel compensation:	1,807	25,386	27,350	1,964

	2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ Decrease
12.1 Civilian personnel benefits:				
Civil service retirement system (CSRS)	(21)	1,129	1,226	97
Federal employees' retirement system	381	2,106	2,252	146
Thrift savings plan	65	583	627	44
Federal insurance contribution act	102	217	227	10
Health insurance	230	1,265	1,353	88
Life insurance	5	63	69	6
Employees' compensation fund	30	145	155	10
Other	84	1,119	1,184	65
Subtotal	876	6,627	7,093	466
13.0 Benefits for former personnel:				
Severance pay	0	17	17	0
Unemployment compensation	0	8	8	0
Other	0	14	14	0
Subtotal	0	39	39	0
21.0 Travel and transportation of persons:				
Common carrier	0	619	850	231
Mileage	0	16	22	6
Per diem/actual	0	602	845	243
Commercial car rental	101	491	649	158
Other	16	116	139	23
Subtotal	117	1,844	2,505	661
22.0 Transportation of things	0	38	46	8
23.0 Rent, communications, and utilities:				
23.1 Rental payments to GSA	99	4,064	4,624	560
23.2 Rental payments to others	23	23	23	0
23.3 Communications, utilities and miscellaneous charges:				
Federal telecommunications system	14	277	369	92
Commercial telephone services	0	597	825	228
Postal Service by USPS	(114)	93	124	31
National Archives and Records Administration Storage	0	80	100	20
Other	(1)	0	7	7
Subtotal	(101)	1,047	1,425	378

	2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ Decrease
24.0 Printing and reproduction:				
Publications	0	209	245	36
Public use forms	0	10	10	0
Envelopes	0	14	14	0
Other	6	13	13	0
Subtotal	6	246	282	36
25.0 Consulting and other services:				
25.1 Consulting services	0	448	448	0
25.2 Other Services:				
Maintenance of equipment	0	218	218	0
ADP related costs	0	791	791	0
Telecommunications services	0	158	158	0
Other	132	3,353	7,037	3,684
Subtotal	132	4,520	8,204	3,684
25.3 Purchase of goods and services from Gov't accounts				
WCF Payments to O/S	20	5,758	5,944	186
Procurement Reform Savings	0	0	0	0
Other Payments to O/S	0	0	0	0
Other Federal Agencies	0	4,793	10,726	5,933
Subtotal	20	10,551	16,670	6,119
26.0 Supplies and materials:				
Office supplies	14	751	905	154
ADP supplies	0	545	698	153
Subtotal	14	1,296	1,603	307
31.0 Equipment:				
Office machines and equipment	8	209	420	211
ADP hardware	0	208	419	211
ADP software	0	14	109	95
Other	0	294	294	0
Subtotal	8	725	1,242	517

	2001 Adjustments to Base	2001 Base	2001 Estimate	Increase/ Decrease
32 Lands and structures	0	0	0	0
33 Investments and loans	0	0	0	0
41 Grants, subsidies and contributions	0	0	0	0
42 Insurance claims and indemnities	0	0	0	0
43 Interest and dividends	0	0	0	0
44 Refunds	0	0	0	0
99 Total Obligations	3,001	56,854	71,554	14,700
Less prior year recoveries	0	0	0	0
99 Total Budget Authority	\$3,001	\$56,854	\$71,554	\$14,700

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION

Appropriation Language and Code Citations

1. “For necessary expense for export administration and national security activities of the Department of Commerce”

A. Export Administration

50 U.S.C. app. 2401 et seq.
Pub. L. 105-85, 111 Stat. 1932, sections 1211-1215
10 U.S.C. 7430(e)
22 U.S.C. 6004 -6005
30 U.S.C. 185(s), 185(u)
42 U.S.C. 2139a, 6212
43 U.S.C. 1354
46 U.S.C. app. 466c

50 U.S.C. app 2401 et seq. (Export Administration Act of 1979, as amended) provides authority for the regulation of exports for reasons of national security, foreign policy, or short supply. It also authorizes implementation of restrictions on compliance with foreign boycotts and other restrictive trade practices. The Export Administration Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices on August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)) and August 13, 1998 (63 Fed. Reg. 44121, August 17, 1998), have continued the provisions of the Act in effect, to the extent permitted by law, under authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 - 1706).

Pub. L. 105-85, sections 1211 - 1215 (“Export Controls on High Performance Computers”) requires prior approval of certain exports and reexports of high performance computers and post-shipment verification.

10 U.S.C. 7430(e), 30 U.S.C. 185(s) and 185(u), 42 U.S.C. 6212 and 43 U.S.C. 1354 are provisions related to the export of oil and gas.

22 U.S.C. 6004 -6005 are provisions of the Cuban Democracy Act, as amended, related to certain exports to Cuba.

42 U.S.C. 2139a sets forth the Commerce Department’s responsibility for controlling the export of dual-use items of significance for nuclear explosive purposes.

46 U.S.C. app. 466c prohibits the export of horses by sea for purposes of slaughter.

B. National Security

19 U.S.C. 1862
42 U.S.C. 300j
42 U.S.C. 5195
50 U.S.C. 82
50 U.S.C. 98-98h
50 U.S.C. app. 468
50 U.S.C. app. 2061 et seq.

19 U.S.C. 1862 authorizes investigation of the effects on national security of imports of a particular article, and a report of the results of the investigations to the President with a recommendation for action or inaction.

42 U.S.C. 300j authorizes the issuance of orders requiring the delivery of chemicals or substances necessary for treatment of water (function delegated to the Secretary of Commerce in E.O. 11879, Sept., 17, 1975).

42 U.S.C. 5195 provides for the development of national emergency plans and preparedness programs to anticipate and minimize the effects of hazards (natural disasters and accidental or man-caused events) on the civilian population (functions delegated to the Secretary of Commerce in E.O. 12656, Nov. 18, 1988).

50 U.S.C. 82 provides for U.S. Government procurement of ships and material during war (functions delegated to the Secretary of Commerce in E.O. 12742 (Jan. 8, 1991))

50 U.S.C. 98-98h, the “Strategic and Critical Materials Stock Piling Act,” authorizes the acquisition and retention of stocks of certain strategic and critical materials.

50 U.S.C. app. 468 provides for U.S. Government procurement of any articles or materials authorized by Congress (responsibility for all articles and materials except food, energy and civil transportation delegated to the Secretary of Commerce in E.O. 12742, Jan. 8, 1991).

50 U.S.C. app. 2061 et seq. authorizes BXA to set priorities for performance on defense and energy-related contracts and to allocate materials and supplies which are essential for national defense purposes and for maximization of domestic energy supplies.

C. Other

15 U.S.C. 1501 et seq.

15 U.S.C. 1501 et seq. provides the basic authority for performance of those functions and activities of BXA which foster, promote and develop foreign and domestic commerce.

2. “including costs associated with the performance of export administration field activities both domestically and abroad;”

15 U.S.C. 1531

22 U.S.C. 3922

15 U.S.C. 1531 authorizes the Secretary of Commerce to establish a Buying Power Maintenance account for the Bureau of Export Administration. This fund is to be used to maintain overseas program activity at the appropriated program levels.

22 U.S.C. 3922 provides that the Secretary of Commerce may utilize the Foreign Service personnel system with respect to personnel performing international trade functions transferred to the Department of Commerce by Reorganization Plan No. 3 of 1979 (5 U.S.C. app. 1) and with respect to other personnel of the Department of Commerce to the extent the President determines to be necessary in order to enable the Department of Commerce to carry out function which require service abroad.

3. “full medical coverage for dependent members of immediate families of employees stationed overseas;”

No Specific Authority

This language permits the Export Administration to extend to certain of its overseas employees the same benefits afforded domestically employed Federal employees and employees of ITA's Foreign Commercial Service in equivalent positions overseas.

4. “employment of Americans and aliens by contract for services abroad;”

No Specific Authority

Federal agencies must have specific legislative authority to procure personal services by contract. See 44 Comp. Gen. 761 (1965); H.R. Rep. No. 188, 89th Cong., 1st Sess. 5-13 (1965). This appropriation language gives the Export Administration the flexibility to procure, by contract, services of U.S. citizens or aliens as appropriate. In some cases, it is advantageous to employ aliens who are fluent in the native language of the host country; who are familiar with local practices and procedures; or who only need to be employed for a short period of time. In other cases, it is advantageous to employ U.S. citizens in the host country (generally members of an employee's family) who have greater familiarity with American methods and may require less effort to train.

5. “payment of tort claims, in the manner authorized in the first paragraph of 28 U.S.C. 2672 when such claims arise in foreign countries;”.

No Specific Authority

28 U.S.C. 2672 provides for settlement of tort claims for money damages of \$25,000 or less against the United States by the head of each federal agency for loss of property or personal injury or death caused by a negligent or wrongful act of any employee of the Government while acting within the scope of his employment in circumstances where the United States, if a private person, would be liable under local law. However, 28 U.S.C. 2680 (k) exempts the settlement of tort claims which arise abroad from the provisions of 28 U.S.C. 2672. The language requested would exempt the Export Administration from 28 U.S.C. 2680 and would authorize the settlement of tort claims against the United States which arise in connection with EA activities abroad.

6. “not to exceed \$15,000 for official representation expense abroad;”

No Specific Authority

Appropriated funds may not be expended for entertainment except when specifically authorized by law. See, e.g., 43 Comp. Gen.305 (1963). The foregoing language provides such specific authority for the Export Administration to expend up to \$15,000 for entertainment and similar expenses related to its official activities abroad.

7. “awards of compensation to informers under the Export Administration Act of 1979, and as authorized by 22 U.S.C. 401 (b);”

50 U.S.C. app. 2411
22 U.S.C. 401 (b)

50 U.S.C. app. 2411 provides the Bureau of Export Administration with authority to make investigations and obtain such information as may be necessary to enforce the provisions of the Export Administration Act of 1979, as continued in effect, to the extent permitted by law, by E.O. 12924.

22 U.S.C. 401(b) provides for awards of compensation to informers concerning illegal exports of war materials or other articles in violation of the law, when funds are specifically provided therefor.

8. “purchase of passenger motor vehicles for official use and motor vehicles for law enforcement use with special requirement vehicles eligible for purchase without regard to any price limitation otherwise established by law;”

No Specific Authority

31 U.S. C. 1343 prohibits the purchase of passenger motor vehicles unless specifically authorized by the appropriation concerned or other law with the exception of those for the use of the President of the United States, the secretaries to the President, or the heads of the executive departments.

9. “...to remain available until expended,”

No Specific Authority

31 U.S.C. 1301 provides that “an appropriation in a regular, annual appropriation law may be construed to be permanent or available continuously only if the appropriation . . . expressly provides that it is available after the fiscal year covered by the law in which it appears. . . .” “To remain available until expended” constitutes such express language.

10. “of which shall be for inspections and other activities related to national security:

No Specific Authority

Title 1 of Public Law 105-277, the “Chemical Weapons Convention Implementation Act of 1998,” directs the President to implement U.S. obligations under the Chemical Weapons Convention, including inspections of certain privately chemical production, processing and consumption facilities by the Organization for the Prohibition of Chemical Weapons. Although the President has not yet issued an Executive Order designating Commerce as responsible for these inspections, BXA

does anticipate being directed to undertake such responsibilities, and has begun preparing for them, including training staff and developing procedures related to inspections.”

11. “*Provided*, That the provisions of the first sentence of section 105 (f) and all of section 108 (c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455 (f) and 2458 (c)) shall apply in carrying out these activities: *Provided further*, That payments and contributions collected and accepted for materials or services provided as part of such activities may be retained for use in covering the cost of such activities, and for providing information to the public with respect to the export administration and national security activities of the Department of Commerce and other export control programs of the United States and other governments.”

22 U.S.C. 2455 (f)

22 U.S.C. 2458 (c)

22 U.S.C. 2455 (f) provides authority to accept contributions of funds, property, and services from foreign governments, international organizations, and private individuals, firms, associations, agencies, and other groups in carrying out activities pursuant to the Mutual Educational and Cultural Exchange Act of 1961.

22 U.S.C. 2458 (c) provides authorization for all necessary expenditures involved in the selection, purchase, rental, construction, or other acquisition of exhibits and the necessary supplies therefor.

The quoted appropriations language makes clear that the Mutual Educational and Cultural Exchange Act of 1961 applies to the activities of the Export Administration. The language also authorizes the Export Administration to apply contributes received under MECEA toward the cost of activities conducted under MECEA, thereby providing an exception to the general requirement of 31 U.S.C. 3302(b) to deposit money received by the Government from any source in the Treasury.

Exhibit 34

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration

Consulting and Related Services
(dollar amounts in thousands)

	FY 1999 Actuals	FY 2000 Currently Available	FY 2001 Estimate
Consulting services.....	\$148	\$166	\$898

The Bureau of Export Administration utilizes consulting services on an as needed basis to provide expertise unique to specific technical areas for which BXA has limited knowledge or abilities. We have no continuing requirements that necessitate a permanent operating budget for consulting services, but do use consultants for a wide range of issues unique to any given year. The increase between FY 2000 and FY 2001 reflect the potential increased use of consultants to deal with a wide range of very specific issues ranging from computer systems redesign to the establishment of export control expertise to deal with newly implemented program mandates such as Chemical Weapons, Encryption, Fastener Quality Act, Critical Infrastructure Assurance, and nonproliferation matters dealing with countries which fall under the umbrella of our Nonproliferation Export Control program.

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration

Periodicals, Pamphlets, and Audiovisual Products
(dollar amounts in thousands)

	FY 1999 Actuals	FY 2000 Currently Available	FY 2001 Estimate
Periodicals and Publications.....	\$240	\$229	\$282

Export Administration publications, periodicals, and pamphlets are one of the most essential tools through which the Bureau of Export Administration fulfills its mission to administer U.S. statutes and agreements dealing with export controls.

The major publications (periodicals) produced include the Export Administration Regulations, Export Administration Annual Report, and the Annual Foreign Policy Report to Congress. Publications play an essential role in keeping the community and the public informed on particular aspects of export control issues.

Pamphlets are primarily used to educate the business community on the functions performed by the Export Administration program and are distributed through Export Administration's export seminar program during individual business seminars, giving speeches at public functions, and answering questions from the business community regarding exports.

Department of Commerce
BUREAU OF EXPORT ADMINISTRATION
Operations and Administration
Average Grade and Salaries

	FY 1999 Actuals	FY 2000 Currently Available	FY 2001 Estimate
Average ES salary.....	\$116,198	\$116,198	\$116,198
Average GS grade.....	11.04	11.04	11.04
Average GS salary	\$55,341	\$56,835	\$58,711
Average salary of ungraded positions.....	\$0	\$0	\$0

Bureau of Export Administration
FY 2001 Budget Performance Measures

<i>PERFORMANCE MEASURES</i>	<i>1999 Actual</i>	<i>2000 Est.</i>	<i>2001 Est.</i>	<i>2002 Est.</i>	<i>2003 Est.</i>
<i>Theme 1: Goal D: Restructure export controls for the twenty-first century.</i>					
<i>1. Number of high risk transactions deterred</i>	<i>1,160</i>	<i>508</i>	<i>512</i>	<i>516</i>	<i>516</i>
<i>2. Number of licensing decisions</i>	<i>12,598</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>
<i>3. Average processing time for license applications</i>	<i>40 days</i>	<i>33 days</i>	<i>32 days</i>	<i>31 days</i>	<i>31 days</i>
<i>4. Number of export assistance seminars/conferences</i>	<i>136</i>	<i>204</i>	<i>204</i>	<i>204</i>	<i>204</i>
<i>5. Number of nonproliferation and export control international cooperative exchanges</i>	<i>45</i>	<i>30</i>	<i>37</i>	<i>30</i>	<i>30</i>
<i>Theme 1: Goal E: Maintain a fully effective law enforcement program</i>					
<i>1. Number of enforcement outreach visits</i>	<i>1,199</i>	<i>900</i>	<i>1,010</i>	<i>900</i>	<i>900</i>
<i>2. Number of investigations completed</i>	<i>1,042</i>	<i>1,300</i>	<i>1,225</i>	<i>1,300</i>	<i>1,300</i>
<i>3. Number of investigations accepted for criminal or administrative remedies</i>	<i>68</i>	<i>70</i>	<i>70</i>	<i>93</i>	<i>93</i>
<i>4. Number of end-use visits conducted</i>	<i>753</i>	<i>680</i>	<i>680</i>	<i>680</i>	<i>680</i>

<i>PERFORMANCE MEASURES</i>	<i>1999 Actual</i>	<i>2000 Est.</i>	<i>2001 Est.</i>	<i>2002 Est.</i>	<i>2003 Est.</i>
<i>Theme 1: Goal F: Facilitate transition of defense industries</i>					
<i>1. Strategic industry analyses completed</i>	352	295	300	300	300

Measure: **Number of High Risk Transactions Deterred**

Data Collection: Export Control Automated Support Systems (ECASS)

Frequency: Annual

Data Storage: ECASS

Verification: ECASS contains appropriate systems edits.

Comment: ECASS is also open to audit by GAO and the IG. Data is queried for retrieval through the Licensing Officer Access subsystem or generated via hardcopy through the Reports subsystem.

Explanation: The number of high-risk transactions that BXA reviewed and subsequently denied is based upon a careful risk assessment. There are several ways in which we conduct assessments. We review license applications based on the control number, the reasons for the controls (national security; foreign policy; antiterrorism, etc.), the end-user, and the end-use. We cross check our control lists to determine if any of the parties to the transaction are denied or listed entities. In most cases we refer the case to the interagency community for their review as well. This includes input from the intelligence community that provides data to help us determine the likelihood that the export will be used for purposes other than intended or contrary to U.S. policies. We consider such factors as the likelihood of diversion, the practices of the end-user, and the inability or unwillingness of an exporter to agree to certain conditions which we may require if a transaction is to be approved. U.S. security is enhanced through the judicious implementation of controls on transfers of materials, equipment, technology and software that could be used for weapons applications.

Measure: **Number of Licensing Decisions**

Data Collection: ECASS

Frequency: Annual

Data Storage: All license processing data are stored in ECASS

Verification: ECASS contains appropriate systems edits.

Comment: ECASS is also open to audit by GAO and the IG. Data is queried for retrieval through the Licensing Officer Access subsystem or generated via hardcopy through the Reports subsystem.

Explanation: This measure counts the total number of applications that were approved, denied or RWA during the fiscal year. Upon receipt, license applications are reviewed for completeness (front-end review) and entered into ECASS, BXA's electronic processing system. If the application is incomplete, additional information is requested from the exporter before proceeding. If complete, the application is screened against an automated list of end-users of concern, forwarded to the appropriate licensing and enforcement specialists for a complete analysis of the

application. This includes review against available intelligence information and required referrals to other export control agencies, and subsequent policy reconsideration/determination. The number of export licensing decisions is the best measurement for the scope of the dual-use export control system as it relates to trade advanced goods and technology.

Measure:	Average Processing Time for License Applications
Data Collection:	ECASS
Frequency:	Annual
Data Storage:	All license processing data are stored in the ECASS
Verification:	ECASS contains appropriate systems edits.
Comment:	ECASS is also open to audit by GAO and the IG. Data is queried for retrieval through the Licensing Officer Access subsystem or generated via hardcopy through the Reports subsystem.
Explanation:	This measure reflects the average number of calendar days that elapsed between registration and final action for all applications processed during the fiscal year, regardless of the date received. The less time it takes to process a license application, the sooner an exporter can ship product. This enhances exporter finances by speeding revenue production time and reducing storage costs, and enables the exporter to compete with timely shipment vis-à-vis foreign competitors. U.S. exporters lose sales if a foreign competitor can ship a product faster.
Measure:	Number of Export Assistance Seminars/Conferences
Data Collection:	Counts of seminars and conferences from the seminar schedule published each year.
Frequency:	Annual
Data Storage:	The Office of Exporter Services collects and stores the data.
Verification:	None
Explanation:	The number of training events in which BXA either is a sponsor or participant measures the transfer of knowledge from the government to the private sector regarding export control requirements. The BXA outreach program to the domestic and international business communities encourages compliance with Export Administration Regulations (EAR). Seminars also heighten business awareness of Administration objectives and improve compliance with regulatory requirements. In support of the BXA goal "Facilitate Transition of Defense Industries", these seminars also help identify market opportunities for firms in the U.S. defense industrial base, and identify those firms that could benefit from BXA advocacy and defense industrial base programs.
Measure:	Number of Nonproliferation and Export Control International Cooperative Exchanges
Data Collection:	NEC activity files, reporting cables, and other files
Frequency:	Annual
Data Storage:	NEC collects and stores the data.
Verification:	Independent auditors verified the content of NEC outputs.
Explanation:	This measure includes technical exchanges, executive exchanges, symposia, fora, workshops, and training courses, assessments, and multilateral and bilateral activities in which BXA has the lead or a primary role. These exchanges are the primary means by which BXA implements its nonproliferation and export control cooperation programs with foreign governments. This measure records the number of exchanges and not the number of countries participating. If one exchange involves multiple countries (e.g., the annual update event) the exchange is still counted as one item.

Measure:	Number of Enforcement Outreach Visits
Data Collection:	Enforce subsystem of ECASS and paper files; agent monthly activity reports.
Frequency:	Annual
Data Storage:	The Office of Export Enforcement collects and stores the data in Enforce and its case files.
Verification:	Following an outreach visit, the agent enters the data in ECASS. The Special Agent in Charge countersigns each entry. The Antiboycott related data is verified by a manual count of entries in OAC case files.
Explanation:	As part of their preventive enforcement mission, BXA special agents visit U.S. firms under "Project Outreach." During each outreach visit, the agents educate the firm about BXA's enforcement program and seek the firm's voluntary cooperation in detecting potential illegal transactions. Antiboycott outreach occurs in the form of presentations to organizations concerning compliance with the Antiboycott provisions of the EAA. These outreach efforts focus on conferences sponsored by trade and business associations and continuing legal education institutions.
Measure:	Number of Investigations Completed
Data Collection:	Enforce subsystem of ECASS and case management database
Frequency:	Annual
Data Storage:	The Office of Export Enforcement collects and stores the data. Cases are also tracked in ECASS.
Verification:	Data is obtained through a query of the Enforce database using the investigative tracking system. This query reflects the total number of cases completed during FY 1999. The investigating case agent enters this data into Enforce during and upon the completion of the investigation. Each entry is countersigned by the Special Agent in Charge, thereby providing a complete verification of the data entered. The data for the annual report is developed via Enforce query verified by a manual count of entries. The Antiboycott data is verified via manual count of entries in OAC case files.
Explanation:	When there is reason to believe that the Export Administration Act (EAA) and the Export Administration Regulations (EAR) have been violated, BXA criminal investigators and Compliance Officers initiate a formal investigation and open a case file. Investigations result in a criminal or administrative penalty, a warning letter for minor infractions, or closing of the case if no violation is found. This output measure covers one of the most important features of our law enforcement program, namely, the pursuit of an investigation to a proper conclusion based on the facts and law.
Measure:	Number of Investigations Accepted for Criminal or Administrative Remedies
Data Collection:	Enforce subsystem of ECASS and case management database
Frequency:	Annual
Data Storage:	The Office of Export Enforcement and the Chief Counsel for Export Administration collect and store the data. Case status information is reconciled quarterly.
Verification:	Data is obtained through a query of the Enforce database using the investigative tracking system. To obtain the total number of cases accepted for criminal prosecution, the case action query program is used which reflects cases accepted by Assistant U.S. Attorneys. This data is entered by the investigating case agent and is countersigned by the Special Agent in Charge. To obtain the total number of cases accepted for administrative remedies, the administrative action query is used which reflects cases accepted by the Chief Counsel for Export Administration. The Office enters this data. Validation is accomplished via manual verification by counting the entries in the system. The Antiboycott related data is obtained through a query of case status information in OAC case files. This case status information is reconciled/verified on a quarterly basis.

Explanation:	This measure refers to investigations accepted by U.S. Attorney offices for criminal prosecution and/or the Chief Counsel for Export Administration for administrative sanctions.
Measure:	Number of End-Use Visits Conducted
Data Collection:	Enforcement subsystem of ECASS, ad hoc programs, and a PC database for high performance computer (HPC) end-use checks.
Frequency:	Annual.
Data Storage:	The Office of Export Enforcement and the Office of Enforcement Analysis collect and store the data. OEE and U.S. & Foreign Commercial Service (FCS) personnel make and document visits. OEA performs data entry into ECASS, and into a database of HPC end-use checks.
Verification:	Pre-license check (PLC) data is compiled through ECASS data query programs that have built-in checks that prevent duplicative counting. For post shipment verification (PSV) data, cable requested PSVs are queried using ECASS or by using a query with a PC database for HPC checks. OEA personnel manually verify both of these queries. Safeguard PSV checks are queried through ECASS as well. An ad hoc database, maintained by OEE/Intel, is used for verification of that data.
Explanation:	A key element of the BXA activity is conducting on-site visits to foreign end-users of selected goods and technologies exported under the EAR. End-use visits consist of pre-license checks and post-shipment verifications. Pre-license checks are performed prior to issuance of licenses by BXA and are generally performed by U.S. & Foreign Commercial Service (FCS) personnel. U.S. & FCS officials, and BXA Special Agents perform post-shipment verifications to ensure that the products are being used by the authorized end-users for the authorized end-uses.

This output measure supports the intermediate goals of (internal):

- (1) Maintaining an effective law enforcement program, by determining the legitimacy of controlled export transactions
- (2) Improving public knowledge of and compliance with export regulations, by educating foreign consignees of U.S.-origin items
- (3) Increasing cooperation with domestic and international law enforcement, export control and policy organizations, by sharing information with law enforcement counterparts located in countries where the visits are conducted

Measure:	Strategic Industries Analyses Completed
Data Collection:	The analytical products are written reports , which are forwarded to the requester and are available for review and assessment.
Frequency:	Annual
Data Storage:	The Office of Strategic Industry and Economic Security collects and stores the data. Several databases are involved.
Verification:	None.
Explanation:	These are analyses undertaken as part of the broad responsibility to support the U.S. defense industrial and technology base. They include reviews of the economic/industrial base impacts of:

- International Defense Memoranda of Understanding
- Sales/disposal from the national Defense Stockpile and of Excess Defense Articles
- Defense downsizing and base enclosure
- The practice of offsets in defense trade
- Unilateral export controls and foreign availability.

Also included are assessments of the international competitiveness and production capabilities of strategic industries and technologies. Specific categories of analyses include the following:

- Defense Diversification and Needs Assessment Survey response referrals
- Defense Memoranda of Understanding impact reviews
- Impact of Excess Defense Article assessments
- Stockpile Disposal Market impact analyses
- Industrial Capabilities studies
- Impact of Offsets in Defense Trade analyses
- Impact of Unilateral Export Controls analyses.

There is a significant drop in the number of Defense Diversification and Needs Assessment Survey response referrals in FY 1998 and beyond because this program was funded in prior years by the Economic Development Administration, which is no longer providing funding for its continuation.

The FY 1999 estimate was revised upward (485 to 985) to account for newly funded continuation of BXA's needs assessment program (Long Beach Naval Shipyard). An estimated 500 annual assessments of small/medium sized manufacturers will be done through this program in FY 1999 and 2000.